Building Stronger Local Governments and Regions

An Action Plan for the Future of Local Governance in New Brunswick

Report of the Commissioner on the Future of Local Governance

Jean-Guy Finn Commissioner November 2008

Building Stronger Local Governments and Regions

An Action Plan for the Future of Local Governance in New Brunswick

Report of the Commissioner on
the Future of Local Governance

Jean-Guy Finn
Commissioner
November 2008

ISBN 978-1-55471-179-6

Printed in New Brunswick

CNB 5434

Acknowledgements

Many people have been involved in various aspects of this study on the future of local governance in New Brunswick and their contributions are greatly appreciated. I acknowledge the assistance of the three designated special advisors, Gérard Belliveau, André Leclerc and Patrick Woods, each of whom contributed their considerable local government experience and professional knowledge to the process. They attended numerous working sessions and devoted countless hours to the task of analyzing data sets and assessing governance options while continuing to serve their respective employers in their regular duties. I thank them for the balance and perspective they brought to the exercise.

The capable assistance of Martin Corbett, who acted as the liaison with the Department of Local Government, is gratefully appreciated. He supported our efforts throughout the process by providing invaluable information and expertise on the operation of municipal government in New Brunswick. He was the main conduit for accessing highly specialized data and staff within the Department of Local Government and in other departments and agencies of the provincial government. Without his contribution, this report would have been a burden to complete.

I am indebted to Jean Murdoch who, as administrative assistant, looked after the logistics. From the monitoring of our website, to the management of correspondence to the arrangement of dozens of meetings, both internal and with outside groups and individuals, her organizational and interpersonal skills were always on display. Her efforts and hard work made the process much easier.

A significant number of individuals, groups and organizations prepared written submissions, letters and/or made presentations to the Commissioner throughout the study process. Most of them chose to express their views through our website but some also asked to present in person. Collectively, this was an important contribution and I want to acknowledge their effort and the very professional manner in which people articulated their points of view. I was particularly pleased that the four municipal associations (Association francophone des municipalités du Nouveau-Brunswick, Association of Municipal Administrators of New Brunswick, Cities of New Brunswick Association, Union of Municipalities of New Brunswick) have shown such concern and interest for the future of local governance in this province and took the time to prepare written submissions offering their thoughtful perspectives on a variety of critical topics.

I would also like to acknowledge the valuable information provided by officials from the Cape Breton Regional Municipality, the Municipalité régionale de comté de Rivière-du-Loup and the British Columbia ministry responsible for municipal affairs.

I also want to express my appreciation to all those who were involved in the more than 25 prior studies that were conducted on various aspects of local governance in New Brunswick since the early 1970s. Their collective work made my task a lot easier. Much of the advice they provided is repeated or referred to in this report.

The staff of the Department of Local Government and of various other government departments and agencies who provided assistance, input and services are too numerous to mention by name. However, they need to know I do appreciate their support as well as the time and energy they devoted to the process.

The content of this report is entirely the Commissioner's responsibility. I am responsible, answerable and accountable for all the recommendations contained in this report as well as for any errors and deficiencies. The use of the term "we" throughout the report is attributable solely to myself.

Jean-Guy Finn
Commissioner on the Future of Local Governance

Table of Contents

Chapter 1
Introduction 5

Part 1
The Fundamentals of Local Governance 11

Chapter 2
General Theory and Practice of Local Government 13

Chapter 3
Models of Local Governance 19

Part 2
The New Brunswick Situation 25

Chapter 4
Where We are Today:
A Portrait of New Brunswick's Local Structures 27

Chapter 5
Local Governance Maladjustment: The Case for Change 47

Part 3
The Proposed New Framework 73

Chapter 6
Adapting Local Government Decision-Making
and Service Structures 75

Chapter 7
Organizing the Proposed Municipal Entities 83

Chapter 8
Building Capacity through Regional Collaboration 97

Chapter 9
Planning as the Basis for Effective Local Governance 117

Chapter 10
Toward More Fiscal Autonomy for Local Governments 129

Chapter 11
Streamlining the Provincial Government Functions
Relating to Local Governance 155

Chapter 12
Accountability and Transparency
in Modern Municipal Government 163

Chapter 13
Modernizing Local Government Legislation 171

Part 4
The Road to Renewal 177

Chapter 14
Conclusions and Implementation Considerations 179

Annex A
List of Recommendations (by subject area) 184

Annex B
Lists of Briefs 193

Bibliography 194

Acronyms

ABC – Agency, Board and Commission
ACOA –Atlantic Canada Opportunities Agency
ADM – Assistant Deputy Minister
AFMNB – Association francophone des municipalités du Nouveau-Brunswick
AIMS – Atlantic Institute for Market Studies
APAB – Assessment and Planning Appeal Board
BCF – Building Canada Fund
BNB – Business New Brunswick
CAC – Community Advisory Committee
CAO – Chief Administrative Officer
CBRM – Cape Breton Regional Municipality
CEDA – Community Economic Development Agency
CLD – Centre local de développement
CLURE – Commission on Land Use and the Rural Environment
CNBA – Cities of New Brunswick Association
DM – Deputy Minister
DPC – District Planning Commission
EA – Enterprise Agency
EO Program – Equal Opportunity Program
FCM - Federation of Canadian Municipalities
FLIP – Farmland Indemnification Program
GMSB – Greater Moncton Services Board
HRM – Halifax Regional Municipality
LSD – Local Service District
LSM – Local Service Manager
MCBB – Municipal Capital Borrowing Board
MLA – Member of the Legislative Assembly
MPMP – Municipal Performance Measurement Program
MRC – Municipalité régionale de comté
MRIF – Municipal Rural Infrastructure Fund
NBEMO – New Brunswick Emergency Measures Organization
OECD – Organization for Economic Cooperation and Development
PAC – Planning Advisory Committee
PPSA – Provincial Police Service Agreement
PSC – Public Safety Canada
RCMP – Royal Canadian Mounted Police
RDPC – Rural District Planning Commission
RSD – Regional Service District
RSD Board – Regional Service District Board
RSP – Regional Strategic Plan
SME – Small and Medium Enterprise
SNB – Service New Brunswick
SWC – Solid Waste Commission
UMNB – Union of Municipalities of New Brunswick

Outline

Chapter 1
Introduction

1.1 Context 5
1.2 Purpose and Scope of this Study 7
1.3 Procedure 8

Appendices

Appendix 1: Letter of Appointment 9
Appendix 2: Scope of Mandate 10

Chapter 1
Introduction

1.1 Context

This study is about the future of local governance institutions in New Brunswick. It was announced in September 2007 in response to a recommendation contained in the New Brunswick Self-Sufficiency Task Force final report entitled **The Road to Self-Sufficiency: A Common Cause**. Writing about government efficiency and effectiveness, the Task Force observed that:

> *"...the current size and number of local government bodies within the province does not provide the local governance capacity to face the challenges of the future, while providing desirable, functional and sustainable communities with affordable and equitable costs to taxpayers. If the province is to achieve self-sufficiency by 2026, New Brunswick communities, through local governments, must be positioned to be able to collectively contribute to this objective"* (2007, p. 16).

It recommended that the government appoint, within one year, *"...a commissioner to review work done to date and make recommendations regarding the structure of local government, including property taxation, unconditional grants, land use planning and the provision of regional services"*(2007, p. 16). The specifics of this Commissioner's mandate will be explained at greater length below.

While this was the first time that local governments were looked at in the light of their potential contribution to self-sufficiency, recognition of the need to adjust local governance institutions to better reflect New Brunswick's changing demographic, socio-economic and environmental conditions is not new. Since the present local government institutional framework was put in place in 1967 following the Byrne report (1963), over 25 different studies have been conducted on various aspects of local governance in the province. As the list below indicates, several involved extensive public consultation.

None, however, inquired broadly into the municipal government system. And, of the hundreds of recommendations they generated, few were implemented. Isolated and ad hoc actions by successive provincial

governments failed to come to grips with the more fundamental structural problems being experienced within the existing local governance system. Piecemeal decisions over the years, such as those made around residential property taxation in the 1970s and with regard to the unconditional grant formula beginning in the 1990s, arguably contributed to exacerbating the situation.

Figure 1: Government Commissioned Studies/Reviews of Local Governance

Since 1971 (chronological order)

Report of the Royal Commission on the Greater Moncton Area, 1971

Report of the Royal Commission on the Greater Fredericton Area, 1971

Report of the Task Force on Municipal Structure and Financing in New Brunswick, 1972 (public consultations)

Report of the Task Force on Non-Incorporated Areas in New Brunswick, 1976 (public consultations)

Report on the Implementation of Local Government in Non-Incorporated Areas of New Brunswick, and Related Matters, 1976

Policing Arrangements in New Brunswick: 2000 and Beyond, 1992

Strengthening Municipal Government in New Brunswick's Urban Centres, 1992

A Review of the Real Property Taxation System in New Brunswick, 1993 (public consultations)

Commission on Land Use and the Rural Environment, 1993 (public consultations)

Greater Moncton Urban Community - Strength Through Cooperation, 1994 (public consultations)

Miramichi City: Our Future - Strength Through Unity, 1994 (public consultations)

Review of the Unconditional Grant Formula, 1996

Review of New Brunswick's Unconditional Grant to Municipalities, 1996

Provincial-Municipal Fiscal Arrangements, 1997

A Community of Communities: Creating a Stronger Future. Local Government Options for the Greater Saint John Area, 1997 (public consultations)

Building Strength Through Solidarity: Local Government Options for the Madawaska Region, 1997 (public consultations)

Into the Future: A Community of Interest. Local Government Options for the Campbellton Region, 1997 (public consultations)

Communities and Cooperation. Local Government Options for the Dalhousie Region, 1997 (public consultations)

Taxation Issues in Local Service Districts in New Brunswick, 1997

Report of the Municipalities Act Review Advisory Committee, 1998 (representatives of municipalities were members of the Committee)

A Review of Local Service District Legislation, 1999

Opportunities for Improving Local Governance in New Brunswick, 1999 (public consultations)

A Vision for Local Governance in New Brunswick, 2001 (representatives of municipalities were members of the Minister's Round Table)

Review of the Provision of Government Services to Local Services Districts and Property Taxation Levels, 2002

Final Report of the Select Committee on Local Governance and Regional Collaboration, 2003 (public consultations)

Report of the Provincial Capital Commission Study, 2003

In the course of this report, reference will be made to the numerous studies conducted since 1967 as they, collectively, provide insight for many of the recommendations being put forward for government consideration. At this stage, suffice it to say that issues surrounding the functioning of local government institutions began surfacing almost immediately after the implementation of the new municipal government arrangements that were an integral part of the Equal Opportunity (EO) Program of the government of Louis J. Robichaud. The EO program was the first comprehensive municipal government reform undertaken in New Brunswick since the *Counties Incorporation Act* of 1877. Some of the problems that were encountered post-1967 were carryovers from the previous local governance regime, but several were the consequences of the new arrangements. Indeed, what was billed by some as a "revolution" in municipal government organization brought its own set of issues. In the opinion of some experts (Plunkett 1965 and Rowat 1969) the rather superficial treatment given by the Byrne report (1963) to the question of municipal government organization (boundary adjustments and municipal consolidation in particular), as well as the selective approach followed by government in implementing its recommendations, are not without blame for the difficulties that ensued. In 1972, just five years into the new municipal system, the problems encountered were serious enough that the government of the day appointed a task force (referred to as the 1st Allen report) to examine how to fix some of the most glaring structural and financing weaknesses. It would be the first of a series of studies commissioned by successive governments on local governance issues, the most recent being the report of a Select Committee of the Legislature tabled in 2003.

1.2 Purpose and Scope of this Study

The purpose of this study is to examine and recommend options for the organization of local governance in New Brunswick taking into consideration today's demographic, social and economic conditions as well as projected trends. It looks at ways to build stronger communities and at how they can be positioned to contribute to and benefit from the broader self-sufficiency objective of the provincial government. It postulates that self-sufficiency requires sound, effective and sustainable governance at the local level. Provincial economic development depends, in large part, on strong, planned and vibrant local governments.

This study examines all the major elements of the system of municipal government in New Brunswick, the first such comprehensive and integrated review of local governance in this province in forty years, or since the implementation of the Program of Equal Opportunity in 1967.[1]

The key components of this Commissioner's mandate are contained in the letter of appointment from Premier Shawn Graham, dated September 17, 2007:

> *"In your role as Commissioner, my expectation is that the critical elements of the local governance system will be examined and that an Action Plan will be developed to bring about improvements. Specifically, the following elements must be included in the scope of the review:*
>
> 1. *Structure and organization of local governance in the province;*
> 2. *Regional cooperation among local governance entities (including economic development and land use planning);*
> 3. *Local government funding arrangements;*
> 4. *Property taxation; and*
> 5. *Legislative framework associated with the Action Plan.*

Further details were provided in an attachment entitled **Scope of the Commissioner's Review**. Both documents are annexed to this chapter.

In describing the scope of the Commissioner's mandate, it is also important to state clearly what it does not include. It is not about the status of local government in the Canadian political system, as interesting as this subject may be. When the *British North America Act* was passed, leading to the establishment of Canada as a country, there was no recognition of a system of municipal governments. Local governments were only mentioned as one of the responsibilities assigned to the provincial level. As a result, local governments lack guaranteed constitutional position. They exist only to the extent that provincial governments provide for them. They exercise powers

1 It is recognized that the Minister's Round Table report of 2001 (**A Vision for Local Governance in New Brunswick. Report of the Minister's Round Table on Local Governance**) attempted to examine key elements of the local governance system. Arguably, however, the government response ended up being a series of somewhat independent proposals for changing the local governance system.

delegated to them by the provincial governments. Any actions undertaken by local governments must be authorized by provincial law. This division of powers can only be changed by an amendment to the Constitution, which, of course, is clearly outside the mandate and authority of this Commissioner. Consequently, this report will not spend time nor argue in favour of or against independent status for New Brunswick's municipalities. That is a task more appropriately left to political organizations, provincial or national, representing municipalities.

This review assumes that municipalities in New Brunswick will continue to function as creations of the provincial government for the foreseeable future. The reality is that regardless of their constitutional status, local governments have evolved in New Brunswick, as well as in the rest of the country, and are widely regarded in the public mind as a legitimate and necessary level of government.

1.3 Procedure

The process and methods chosen for this review differ from those followed in several of the previous studies conducted on the organization of local government in New Brunswick since 1967. The approach taken by government in this instance was influenced, in good part, by the abundance of documentation generated on New Brunswick's local governance system as well as by the extensive public consultations held on the same subject during the last several years. A considerable body of expert advice, public opinion and stakeholders' input was available to the Commissioner.

As a result, the work focused largely on a review and analysis of existing studies along with an examination of local governance regimes in place in a number of other jurisdictions. While this review did not involve public hearings, it engaged stakeholder groups and provided opportunities for residents and interested parties to submit their views. A Commissioner website was established to facilitate communication with the general public and stakeholder groups. Several individuals used the website to make their views known.

Early in the mandate, meetings were held with relevant government departments and agencies to explain the terms of reference and to hear their interests and future plans as they might affect local governance. The same departments and agencies also met individually with the Commissioner for a more in-depth exploration of issues. Several submitted written material in support of their verbal presentation. In addition, meetings were held with various stakeholder groups and organizations representing municipalities as well as local service districts. Some chose to present written briefs, while others opted for verbal presentations.

The review was conducted in phases and in the following sequence:

1. Development of a work plan and data/information collection, October 2007 to December 2007.
2. Literature review, data/information analysis and identification of potential restructuring options, January 2008 to March 2008.
3. Documentation and validation of options, April 2008 to mid-June 2008.
4. Formulation of recommendations, drawing of action plan and drafting of report, mid-June 2008 to September 2008.

The team met regularly, once every two weeks on average, between October 2007 and September 2008. It also made extensive use of distance / electronic communications to exchange information and conduct data analysis.

Appendix 1: Letter of Appointment

Office of the Premier
Cabinet du premier ministre

New Nouveau Brunswick
CANADA

September 17, 2007

Mr. Jean-Guy Finn
129 Ascot Drive
Fredericton, N.B.
E3B 6G1

Re: Role of the Commissioner on the Future of Local Governance

Dear Mr. Finn: Jean-Guy

I would like to take this opportunity to thank you for accepting to serve as Commissioner on the Future of Local Governance in New Brunswick. This role will no doubt be challenging but is also one that has the potential of initiating significant and positive changes. If we are to move toward our stated goal of self-sufficiency by 2026, the local government system must be positioned to be able to contribute to this agenda.

In your role as Commissioner, my expectation is that the critical elements of the local governance system will be examined and that an Action Plan will be developed to bring about improvements. Specifically, the following elements must be included in the scope of your review:

1. Structure and organization of local governance in the province;
2. Regional cooperation among local governance entities (including economic development and land use planning);
3. Local government funding arrangements;
4. Property taxation;
5. Legislative framework associated with the Action Plan.

Further details regarding the scope of the review are included in the attachment to this letter.

Over time there have been many reports, studies and consultative processes that have been undertaken regarding various aspects of the local government system in New Brunswick. Part of your work will be to review and consider the current relevance of the information produced through these earlier initiatives in light of the present situation and emerging issues and challenges that will confront local governments and communities in the coming years. The Department of Local Government will assist you in obtaining copies of the documentation you require in this regard.

...2

Tel./Téléphone : (506) 453-2144
Fax/Télécopieur : (506) 453-7407
Email/Courriel : premier@gnb.ca

PO Box 6000
Fredericton
New Brunswick
Canada E3B 5H1

Correspondence Address
Fredericton
Province of New Brunswick
Canada E3B 5H1

I should note that one of the areas we feel has served New Brunswick well is the current delineation of service responsibilities between local governments and the provincial government, which was in general terms, established through the Equal Opportunity reforms. As such, the Action Plan that you ultimately present as part of your final report should complement the current alignment of service responsibilities and the fundamental tenets of the Equal Opportunity program.

It is expected that as you move forward in formulating particular concepts and directions, there would be some dialogue with and engagement of key stakeholders and sectors. I believe that it would be important for you to obtain some feedback on the ideas being contemplated for the final report.

To support you in your work as Commissioner, we are prepared to have three individuals with expertise in the local governance sector assist you in carrying out your mandate. In addition, a part-time administrative assistant will be made available. To handle communications / public relations matters, another individual will be made available on a part-time basis. During the review process, your liaison with my office will be facilitated through the Deputy Minister of the Department of Local Government. A staff person from the department will provide ongoing liaison and support, as needed.

In terms of timeframe, the final report is to be submitted to government in the early part of fall 2008. This deadline is particularly important in terms of local government funding arrangements, given that the current arrangement expires at the end of 2008 and if a new funding scheme is to be in place for 2009, legislative changes would have to be introduced in the fall of 2008.

Once again, I would like to thank you for agreeing to take on this role and look forward to seeing what can be done to bring about renewed strength and vitality to the local governance system.

Yours truly,

Shawn Graham
Premier

Attachment

Copy: Hon. Victor Boudreau, Minister of Local Government
Bonny Hoyt-Hallett, Deputy Minister, Department of Local Government

Appendix 2: Scope of Mandate

Scope of the Commissioner's Review

1) Structure and Organization

The Commissioner will examine the issue of bringing about some form of local governance for the currently unincorporated areas of the province. Other issues to be addressed relating to the structure and organization of local government include an examination of fiscal and administrative capacity, boundaries and communities of interest, relationships between urban, suburban and rural areas, restructuring processes and potential incentives to bring about change. Ultimately, the Commissioner will prepare an Action Plan outlining governance options and strategies aimed at ensuring the long-term viability of local governments and the communities they serve.

2) Regional Cooperation

The Commissioner's mandate will include an examination of issues related to regional cooperation in planning and service delivery. More specifically, the Commissioner will consider the challenges of bringing about more emphasis on land use planning, particularly in those areas bordering on cities, towns and villages (in order to deal with such issues of sprawl development, coordinating industrial and commercial sites, designation of parks, watershed and well-field protection areas, etc.). Economic development and the role of local government within regions will be another area to be considered by the Commissioner. As part of an Action Plan, the Commissioner will outline potential structures and mechanisms to facilitate more regional and sub-regional cooperation. The Commissioner will also consider the types of services that could be more effectively and efficiently delivered on a regional or sub-regional basis as well as the relationship of regionalization to future local government restructuring initiatives.

3) Funding Arrangements

The Commissioner's mandate provides for the examination of provincial-local funding arrangements, including grants, revenue generation alternatives and potential expenditure reduction initiatives. More specifically, this will involve, but not be limited to, consideration of the following in the development of an Action Plan:

- Existing grants: current situation and future possibilities, including a comprehensive provincial-local fiscal pact
- Potential for future conditional grants (e.g. for infrastructure)
- Potential for alternative tax-based revenues
- Potential for inter-municipal tax sharing agreements
- Other potential revenue sources
- Expenditure savings
- Current and potential impact of funding arrangements on future restructuring

4) Property Taxation

The Commissioner's mandate will also cover an examination of the property tax regime, which would include reviewing the cost of providing the services of policing, roads, administration and dog control in the unincorporated areas, the application of the provincial levy of 65 cents / $100 of assessed property value and the application of the provincial property tax rates of $1.50 and $2.25 per $100 of assessment. The Action Plan prepared by the Commissioner will provide options for the government to consider.

5) Legislative Framework

If major reforms of the local governance system are to take place, it is evident that changes to legislation will be required. As such, the Commissioner's work would include an examination of the legislative framework for local governance in the province. Specifically, the Commissioner would consider as part of the Action Plan: the following: 1) the impact that local governance reform (structural and financial) would have on the legislation; and 2) critical areas identified through the review process that need addressing to modernize the legislative framework to reflect and accommodate the evolving local government environment.

Part 1

The Fundamentals of Local Governance

Outline

Chapter 2
General Theory and Practice of Local Government

2.1 Nature of Local Government 13
2.2 Key Characteristics 14
2.3 *"Urban"* versus *"Rural"* Local Government 15
2.4 Regional Perspectives 16
2.5 *"Community of Interest"* as a Basis for Organizing 18

Chapter 2

General Theory and Practice of Local Government

Before describing New Brunswick's present local government system or proposing solutions to rectify some of its problems, one must first present basic information for those without much background in this subject matter. Also, it is essential to add some theoretical considerations concerning the notions of *"urbanity* versus *rurality," "regionalism"* and *"community of interest."* These latter concepts are very important in light of the local governance and service delivery situation we have today in New Brunswick.

2.1 Nature of Local Government

What do we mean by local government? What is its role and purpose? What is the basic theoretical rationale for its existence?

In the Canadian context, local government refers primarily to municipalities, but also includes a variety of local special purpose bodies such as agencies, boards and commissions. Collectively, those institutions form a regime or system of local governance.

Since the central purpose of all organizations is to make possible in the most efficient way the attainment of some common objectives, the objectives sought have an important bearing on the form or type of institutions used. Typically, people form a local government institution when they determine they can do things acting together which they cannot do effectively as individuals. Simply put, local government constitutes an institutional and legal device that enables individuals to act collectively for their safety and general well-being. Generally speaking, local government is formed when the benefits of cooperative action outweigh the enjoyments and freedom of individuals, or when societal goals are viewed as being mutually beneficial. As Crawford puts it, *"...the need for local government occurs when people live in sufficiently close association that community problems arise or that it becomes feasible to join together as a group to attain certain mutually desired ends"* (1954, p. 15). Much in the same way, communities existing in close proximity may share common problems thus joining

together in common local governance institutions to attain mutually desired objectives.

The shape a local government takes is largely influenced by its two basic roles or functions, which are generally recognized and accepted as **administration** (of services) and **representation** (expression of people's wishes). The performance of a local government organization, consequently, should be measured mainly by its effectiveness in carrying out these two functions. Over time, and depending on the geographical context, either of these functions may be emphasized or receive more attention. It is fair to say that, lately, in New Brunswick as in most other areas of Canada, the primary role of local government institutions has been equated with the delivery of local services. Rather than stressing local government in relation to democracy, the tendency has been to defend it as an efficient agent for providing services. However, it is important to realize that one function cannot be carried out at the exclusion of the other. Local institutions exist not only to provide certain services but also to represent the wishes of their residents. *"Combining these roles suggests that local government exists to provide services in accordance with the needs and wishes of its local inhabitants"* (Tindal, 1977, p. 3).

One of the justifications for local government, therefore, is that it serves as an instrument of democracy as well as a service delivery agency. Some, like the famous French author of the classic treatise on the American way of life Alexis de Tocqueville,[1] consider municipal institutions as a central element of democratic development. He saw them as pillars of liberty and democracy, as essential for the preservation of freedom. Others have defended local government on the basis of its proximity to the people. Being closer to residents makes it inherently more responsive than other levels of government. Thus, Crawford argues that *"....to the extent that functions can be exercised effectively locally, they are more likely to be exercised in accord with what the people want than if they are the responsibility of any other government"* (1954, p.8). Others, still, see local government as a training ground for both future provincial or national political leaders and the electorate. According to this theory, local government is where people would first learn the exercise of democracy and get their initial political education. Local governments, by their sheer number, also considerably broaden opportunities for citizen participation.

1 See Alexis de Tocqueville, Democracy in America, abridged by Richard D. Heffner, The New American Library, New York, 1956.

This *"instrument of democracy"* view of local government, however, is not universally shared. Some find it too abstract and point to the relatively low level of interest in municipal politics (manifested by limited voter participation and the lack of competition for elected offices) as proof that it is outdated. They are of the school of thought that favours the removal of politics from local government in the name of efficiency and effectiveness. They justify local government on more practical grounds, mainly as an efficient agent for providing services. For those holding to this latter view, enhancements to municipal democracy constitute a barrier to business development. They emphasize the local administration rather than the locally elected government. They argue that while the local administration of public services is essential, the democratic election of that administration is not.

Such a perspective of local governance raises the important issue of accountability to which this report is particularly attentive. As will be discussed later in this report, the issue of accountability at the municipal level is compounded by the proliferation of virtually independent special-purpose agencies, boards and commissions that have become part of the local governance landscape across Canada and in New Brunswick in particular.

2.2 Key Characteristics

It is the unique way in which it combines the political and the administrative roles, or the democratic and service agency functions, that characterizes local government. A local government is a legal entity that allows residents of a defined geographic area to provide services of a common interest. But it is also a democratic institution, governed by an elected council accountable to the residents and to which they can address their collective concerns. It is an instrument that residents can potentially use to influence positively change and development in their local community. For the purpose of this review, we look to the defining features of local government presented in Tindal & Tindal , **Local Government in Canada**: *"i) its corporate nature, ii) defined geographic boundaries, iii) an elected council, iv) taxing power"* (2004, p. 2).

The literature on local governance also suggests that certain conditions must exist if municipal government is to function effectively and responsively. First, there should be a relatively clear and complete distinction in the attribution of municipal and provincial

responsibilities. Since shared areas of responsibilities are difficult to manage they should be kept to the minimum, recognizing that watertight division of tasks is not always possible in modern public governance.

Second, local government requires the establishment of easily identifiable geographic boundaries. These boundaries are necessary to allow a given population to identify with its local government and to be able to express favour or disfavour with its performance. It is acknowledged, however, that such geographical or political boundaries can at times be artificial and not always correspond to more *"natural"* or de facto socio-demographic and economic spatial units. The existence of several municipal entities, each with their own boundaries, within a given metropolitan area illustrates the point. Legal or political boundaries cut across larger non-formal socio-economic units. The capacity of a local population to identify with its local government can be further complicated by the sharing of services among adjoining local governments. In such cases, political and geographical boundaries tend to become less relevant, thus complicating accountability.

Third, local government needs a geographic, demographic and financial base appropriate for carrying out its assigned responsibilities. This means that the geography and population it serves must be sufficient to allow for cost effective service organization and delivery. It also means that it should be able to provide services largely within its own tax capacity. A local government that counts on substantial transfers from another level of government in order to fund its operations risks compromising its autonomy and independence. Transfers of such magnitude also tend to violate a very basic principle of public finances, which is that the government that spends funds must also raise them. Again, this condition is not always met in its purest form as transfers of various kinds, conditional and unconditional, are often necessary. Experience shows that conditional transfers have the greatest potential to distort local priorities and in our opinion should, therefore, generally be avoided.

Fourth, local government should be internally organized in a way that makes possible clear assignment of responsibilities between elected and appointed officials. This is central to inhabitants having reasonable access to their local government and being able to express their preferences as to the services that they want and how they should be funded. This means the internal structure of local government must be conducive to accountability. While the council/manager approach is the most commonly used in Canada, there is no single or best organizational model that meets that condition.

Fifth, the internal relationship between elected and appointed officials must be such that it contributes to the exercise of local leadership, sound decision-making and good coordination of activities within the local government. It is important to note, however, that local government programs and activities are increasingly becoming joint undertakings not only with the government of the province but also with other local governments. The operations of local government take place more and more in conjunction with other local entities and/or in the broader context of regional delivery structures. This renders considerably more complex the internal organization of local government and may pose accountability and coordination challenges.

Further elaboration on these characteristics can be found in Tindal (1977, pp. 2-4).

2.3 *"Urban"* versus *"Rural"* Local Government

It is common, in the literature on local governance and among the general public, to refer to municipalities as either urban or rural. It provides for an easy classification of local governments. Too often, however, these terms are used without proper definition which leads to rather simplistic interpretations of otherwise complex socio-demographic situations. In New Brunswick, for example, there has been for quite some time a tendency to consider all the existing municipal units as being *"urban"* and to consider that non-incorporated areas are *"rural."* The **Task Force on Municipal Structure and Financing** (1st Allen report), stated that:

> *"The system of local government that has been adopted for New Brunswick has entirely eliminated rural municipalities and transferred the responsibilities for local government in rural areas to the Provincial Government. On the other hand, self governing municipalities have been retained for urban areas except for the extremely small settlements and the dwellings of urban oriented residents that are scattered throughout the rural countryside"* (1972, p. 11).

That report, therefore, placed several communities of less than 300 people in the *"urban"* category purely on the basis that they are incorporated into municipalities while putting much larger

unincorporated communities, some with populations four to five times greater, in the *"rural"* grouping. It also artificially established as *"rural"* important population concentrations living on the outskirts of cities and towns. Saying that a community is *"urban"* because it is incorporated doesn't take into account much more defining socio-demographic and economic characteristics.

There are, of course, other more objective definitions of what is urban or rural. The Organization for Economic Cooperation and Development (OECD) has defined as rural those communities where population density is less than 150 persons per square kilometre. It sees as a *"predominantly rural region"* one that has more than 50 per cent of its population residing in such communities. In this country, Statistics Canada offers six different definitions of rural populations using statistical databases. Each definition emphasizes different criteria (population size, density, context) and has different associated thresholds. The size of the territorial units (building blocks) from which each definition is constructed also varies. However, Statistics Canada advises that *"...if we were to recommend one definition as a starting-point or benchmark for understanding Canada's rural population, it would be the* 'rural and small town' *definition. This is the population living in towns and municipalities outside the commuting zone of larger urban centres (i.e., outside the commuting zone of centres with populations of 10,000 or more"* (2006 Census, p.1). Based on that definition, all the New Brunswick population living outside the commuting zone of the present eight cities would be classified as *"rural and small town."*

The use of arbitrarily constituted categories for local governments, based on loosely defined urban-rural terms, has another very significant limitation. Not only does it assume the rural or urban nature of the areas as a fundamental differentiation criteria but it significantly downplays the very real and necessary interdependence that exists between those two types of communities. Based on today's socio-demographic and economic structures, it is fair to say that New Brunswick does not consist simply of rural/unincorporated and urban/incorporated areas. While it may be true that some New Brunswick areas are predominantly urban and others predominantly rural, many residents have important concerns respecting both their urban and their rural environments. Few have only urban concerns or only rural concerns. Nor is it appropriate any longer to view rural and urban issues in isolation from each other. Tight institutional separation of urban and rural communities without regard for the actual pattern of life and settlement in twenty-first century New Brunswick doesn't constitute a realistic or worthwhile goal. The institutional arrangements that will serve local residents best are those that are based upon the interdependence of urban and rural areas. With the exception of some of the proposals contained in the report of the **Commission on Land Use and the Rural Environment (CLURE** 1993), an outstanding flaw of most of the reforms proposed for local government institutions in New Brunswick over the last four decades has been the separation between urban and rural environments. Most of the recommendations emanating from the various reviews of local government organization mistakenly considered rural problems as distinct from urban ones as a matter of principle.

2.4 Regional Perspectives

Over the last half century, in several Canadian jurisdictions, regionalization has emerged as a major factor in local governance institutions. Since 1967, New Brunswick represents one of the few provinces that have not used one form or another of regional municipal governance (either unitary regional municipalities or second-tier regional administrations/governments).

In the context of local governance, regionalization often comes about as a means of dealing with a number of issues associated with small community-based local governments. In looking at how existing services can be reformed or how new services can be provided, small local municipal government is not always seen as the most logical solution and, in some cases, is becoming increasingly difficult to defend. Small municipal governments may be wonderful forums for resident involvement and shared decision-making. They may be cherished for their responsiveness and accessibility. However, they do not always lend themselves to efficient and effective service provision. It is commonly demonstrated and accepted that units of socio/political organizations of a certain size are required to achieve economies of scale. Regionalization (either through large scale regional municipality, second-tier regional government or regional service district) can constitute a method of apportioning the costs of certain designated area-wide local services among communities. The regional service district represents an administrative (rather than political) form of regionalization.

There is no doubt that, because of the search for efficient and effective service delivery, local governments today, in most provinces, are

much less local in terms of scale of operations and local proximity. As a result, some municipal government experts are of the view that municipalities have become less like local governments. In the words of Tindal &Tindal, when the local order of government serves too large a territory, *"...it runs the risk of expanding its horizon to a point where it loses the proximity to the citizens necessary to be an effective local government"* (2004, p. 3). However, they recognize that proximity is not the only factor to consider in determining the scale of operations of local government. As we discuss below, the size of local government is based, in part, on the type of functions that needs to be performed.

The sharing of certain services on a regional basis can be used as an alternative to boundary changes (annexation or amalgamation) under certain circumstances. It tends to predominate where, for one reason or another, the traditional techniques of boundary adjustment are not yet feasible or acceptable. It represents a compromise solution where preservation of local identity constitutes a high priority. Such was the case in the early 1960s when Byrne (1963) proposed a metropolitan council for adjoining municipalities rather than broad-scale amalgamations or annexations. In the 1990s, another government report, **Strengthening Municipal Government in New Brunswick's Urban Centres** also looked favourably at the regionalization of select services as a way of preserving local identities while responding to increased demands for urban services coming from urban-oriented non-farm residents. It advocated what it called a *"formalized regionalization approach"* as a step above voluntary cooperation. It argued that:

> *"This combination of approaches (local and regional structures) may, in some cases, be the most appropriate way to ensure that 'neighbourhood' type issues can be administered at the local level while, at the same time, providing those services that present opportunities for economies of scale and broader expertise to be provided by a regional body"* (1992, p. 45).

Regionalization can bring together, for common purposes, highly heterogeneous populations: urban, suburban and rural. In New Brunswick, in the post-EO program era, this particular aspect of regionalization was formally recognized in the **Report of the Task Force on Non-Incorporated Areas in New Brunswick** (1976, known as the 2nd Allen report). This report placed emphasis on planning at the regional level and recommended that proposed new rural municipalities be defined within the boundaries of planning regions. Although the proposed new planning commission would have had limited functions (planning and coordination of local services in an advisory capacity) and not be operating as a common political institution, it would have achieved a structural connection between rural and urban areas. **CLURE** (1993) took the notion of regionalization a step further by proposing 15 district planning commissions, comprising both incorporated areas and rural communities, over all of New Brunswick. It saw an average of eight municipalities and 20 local service districts (LSDs) per planning district. In time, this same report envisioned turning District Planning Commissions into District Management Commissions with a significantly broader mandate. As seen by **CLURE** *"the Management Commission would concentrate initially on those services that are more regional and 'softer' in nature such as land use planning, economic development, solid waste management, watershed protection and resource management"*. It went as far as suggesting that:

> *"...if the Commission structure is successful in dealing with these softer services, the structure may evolve so that consideration could eventually be given to providing harder (and more costly) services such as police and fire protection and, possibly, public works such as road construction and maintenance and regional water and sewer services"* (1993, p.77).

The key point here is that although New Brunswick has not formally adopted regionalization as an inherent element of local government institutional arrangements, a number of studies have recommended such an approach as a possible solution to some of its local governance woes. Also, the Province has experimented with regionalization on a limited basis, sector by sector, beginning in the 1970s. Indeed, during the 1970s and 1980s, single-purpose regional structures were established for land use planning (presently 12 commissions), solid waste (presently 12 commissions) and economic development (presently 15 agencies). Of these three areas, only in solid waste, however, has participation been made compulsory for both incorporated and non-incorporated local entities. As good as they are, these special-purpose regional structures, which are still in place today, operate largely in isolation of each other. In fact, they do not operate from a common set of geographical boundaries.

To this day in New Brunswick, contrary to the experience in the rest of the country, regionalization has not emerged as a strong and forceful means of reorganization in the local government sector. The

inadequacy of mechanisms for joint action at the regional level has been noted in most of the recent studies of local governance in New Brunswick. As recently as 2001, the **Round Table on Local Governance** (June 2001) rightly observed that regional issues most often require regional responses but there are few structures or tools in place to allow it to happen.

2.5 *"Community of Interest"* as a Basis for Organizing

The *"community of interest"* is another concept that receives considerable attention in the literature on local governance. It is often cited as a major consideration in defining local government boundaries. Although not always well defined and applied differently depending on the circumstances, this concept is believed to be pertinent for the establishment of local municipalities, as well as for the construction of regions. The literature suggests that even planning units or regions established for the purpose of sharing services, cannot be arbitrarily constituted. A minimum of shared characteristics and common purpose is required for the formation of significant and meaningful regional administrative or political units. Gertler underlines that *"...the significant region is formed by the geographic concentration of people and by those relationships, involving personal contact, established between a major urban centre (or a group of functionally complementary centres) and the surrounding country, towns and villages"* (quoted in d'Entremont and Robardet, 1976). Formal regions, it is argued, will work best when they coincide with functional regions, i.e., when their boundaries coincide with already existing socio-economic interaction patterns.

This being said, the concept of *"community of interest"*, by itself, is not always of great assistance in defining administrative units (local or regional). This is because, as noted by d'Entremont and Robardet *"... it refers to a combination of socio-cultural, economic and geographical elements (homogeneity and interdependence). It also rests upon a subjective feeling of "togetherness," of belonging to a community"* (1976, p. 144). The definition of community itself evolves and may identify different realms at different points in time. As transportation and communication infrastructure improve, the "community of interest" tends to expand and embrace larger entities (both population and territory). Furthermore, any political or administrative unit, even when arbitrarily defined, will itself, over time, contribute to the creation of a community of interest. Political and administrative units do help to develop new loyalties and affinities.

Ultimately the size and configuration of a region (or a municipality) is determined, in good part, by the type of functions that are expected to be carried out at that level. For example, a framework suitable for personalized services will often prove too small for planning purposes and an area suitable for planning may be too large and remote for the delivery of more front-door (proximity) services. This complexity is captured in Fulcher who emphasizes that in the context of local government a working definition of the concept of *"community of interest"* needs to include one or more of the following three dimensions:

> *"Perceptual: a sense of belonging to an area or locality which can be clearly defined;*
>
> *Functional: the ability to meet with reasonable economy the community's requirements for comprehensive physical and human services; and*
>
> *Political: the ability of the elected body to represent the interests and reconcile the conflicts of all its members"* (1989, Part 1).

In the New Brunswick context, the vast majority of the present local municipalities and local service districts are arguably too small for the purpose of providing their own land use planning. This was essentially the conclusion reached by **CLURE** (1993) when it advocated the creation of planning districts consisting of several municipalities and local services districts. It also felt that other *"soft"* services could possibly be delivered more effectively on the basis of larger geographic units.

The constitution of single-purpose regional units, as we know them today, for the delivery of decentralized (municipal-type) services in New Brunswick defies logic. Their creation doesn't seem to obey any particular set of common criteria. Boundaries have not been set on the basis of common physical or human geography, or socio-economic factors (industrial characteristics, population characteristics, community of interest and wishes of the population). There are presently as many geographic regions as there are functions (planning, solid waste, economic development, etc).

Outline

Chapter 3
Models of Local Governance

3.1 Primary Goals of a Desirable Local Government System 19
- **Access 20**
- **Service 20**
- **Identity 20**
- **Representation 20**
- **Efficiency 20**
- **Effectiveness 20**
- **Self-reliance 20**
- **Simplicity 20**
- **Accountability 20**

3.2 Finding the Right Governance Model 21
- **Unitary community-based local government 21**
- **Unitary regional government 21**
- **Inter-municipal cooperation: compromise solution 22**

Chapter 3
Models of Local Governance

There is no one best way of structuring local governance. Nor are there a multitude of models available to guide the organization of local governance institutions. A survey of the literature and of local government organizations across Canada reveals that only three basic models (with some possible adaptations or variations on each one) have evolved over time. Circumstances (history of local government development, socio-demographic, cultural and economic characteristics) dictate, to a large extent, which model any one of the jurisdictions follows. The selection of an option or model depends very much on what is considered to be the primary goals in organizing local governance. Such goals frame the definition of a desirable local government system. This chapter identifies those primary goals, describes the basic models and explains briefly how they serve as guides to the organization of local governance in this country. It will also describe how such models have evolved from *"pure theoretical ideas"* to more *"hybrid forms"* as they have passed the tests of time and implementation.

3.1 Primary Goals of a Desirable Local Government System

The organization of local governance and the exact model chosen are very much a reflection of the democratic and service goals pursued in any given jurisdiction. Although such goals may vary by jurisdiction and over time, it is generally accepted that a balanced system of local governance must meet certain criteria. The **Royal Commission on Municipal Government in Newfoundland and Labrador** (1974), known as the Whalen Commission, listed seven primary goal areas that should frame the definition of a desirable local government system. This report subscribes to Whalen's perspective, but adds *"accountability"* and *"effectiveness"* as two other goals.[1]

1 **Opportunities for Improving Local Governance in New Brunswick**, The Report of the Municipalities Act Review Panel, September 1999, identified a somewhat similar but less comprehensive set of principles.

Access

Access is about the "*closeness*" of residents to their government and opportunities for them to make their views known to those elected. Municipal governments are held as more accessible than senior levels of government and more open to the possibility of residents' involvement. They are places of active democracy and residents' empowerment. Ease of access and closeness, however, must be balanced with the need for effectiveness and efficiency.

Service

This goal area is about having the administrative capacity to provide facilities and services in accordance with the needs and wishes of the local residents. The value of "*closeness*" and residents' accessibility are diminished if there is not the administrative capacity to deal with the issues that concern them.

Identity

This is about the ability of a governance structure to preserve and even promote community identity or uniqueness. Real differences among municipalities provide for real choices for people as to where they want to live. While municipal government aims to reflect the uniqueness of the community it represents, it also shapes community identity. It must, therefore, evolve to account for a community's changing identity or character, or risk becoming a barrier to that same community's development. In effect, a local government is really a key instrument to serve a community in its development.

Representation

This goal is about local ownership of decisions and the general responsiveness of the local government political process. Municipal governments are purported to provide greater local knowledge of the situations about which decisions are being made. Local perspective, however, must be reconciled with the larger interest and not turned into parochialism.

Efficiency

This goal is about the relationship between inputs and outputs. Efficiency deals with the quantity of resources (physical, human and financial) required to deliver a set of services. Efficiency is improved when the same set of services can be delivered with less resources or when more services can be delivered with the same quantity of resources. It involves financial and structural aims, i.e., economies of scale and coordination of services. Efficiency, however, should not be the only deciding factor in adopting a local governance structure.

Effectiveness

Effectiveness relates to the ability to achieve both democratic and service goals and objectives. However, democratic and service goals must be achievable with efficiency. Effectiveness must, therefore, be balanced with efficiency.

Self-reliance

This goal is about municipal government independence in relation to the provincial government. It relates to the ability of local government to function independently of the provincial government from a legal, financial, and human resources standpoint. This autonomy or independence, however, should always be exercised in the broader context of the provincial common interest and with a view to the well being of other communities.

Simplicity

This goal relates to the ease of understanding of the local government structure (this includes not only municipal government itself but other governance institutions such as special purpose agencies) for residents as the voters/participants and as the service users. Ease of understanding and clear operational purposes are indicators of effective local governance. Simplicity of structures should not, however, stand in the way of sound and effective local governance organization.

Accountability

This refers to the degree to which responsibility for action(s)-decision(s) can be identified/understood and the extent to which officials assigned such responsibility can be held responsible for their action(s)-decision(s) or lack thereof. Lines of responsibility must be relatively clear both internally (among employees and elected officials) and externally (in the eyes of voters). Multiple layers of governance tend to muddy accountability. In other words, it can become difficult for a citizen to determine who is responsible for making a decision and to whom a concern is to be expressed.

3.2 Finding the Right Governance Model

Choosing a preferred model of local governance is an exercise in balancing multiple goals and values. It cannot be about pursuing a single objective. Each model has its strengths and weaknesses and will better achieve certain goals over others. The selection of a model should depend, in part, on what issues or problems need to be addressed at any given point in time. This is likely why many jurisdictions across the country have opted, over time, for *"hybrid"* or combination models in an attempt to deal with multiple and evolving issues.

Unitary community-based local government

This is the least complex but also the most traditional organizational model. In the more urban areas, it takes the form of either a city or a town while rural units are variously known as villages, townships, parishes, or rural municipalities.

Under this model, each community has its own elected council and administration. All local services are provided at the community government level. This model was born at a time when local services were limited in scope and when populations were living mainly in sparsely populated or small urban settings. It fits traditional settlements and life patterns where communities are largely self-contained entities. Its origin predates the advent of modern communication and transportation technologies and assumes only limited interaction between communities.

This is the model that developed in New Brunswick and in most other Canadian provinces in the early stages of local governance. In New Brunswick, the establishment of local government in the early period was very much a community initiative. Local governments were effected through private acts since no province-wide municipal legislation existed. Saint John was incorporated as a city in 1785, almost 50 years before other municipalities were created in the rest of the country, through a City Charter. It was only in 1851 that provincial permissive legislation was passed allowing for the establishment of municipal institutions. Relatively few communities took advantage of this legislation to create their own government. Over the next 26 years only six communities were incorporated into municipalities, mainly through private acts.

A more uniform system of local governance started to take shape with the enactment of a *Municipalities Act* in 1877, which established a municipal government in every county, and with the adoption of the *Town Incorporation Act* in 1896. The creation of county government, however, also signalled a move away from the purely local form of government towards larger geographic, or more regional, entities. In a way, a two-tier governance structure was also introduced since the local, more urban, municipalities were also represented on county government. It was, therefore, recognized very early on that the unitary local community government system had serious limitations in terms of its ability to effectively deliver local services.

As noted earlier in this report, New Brunswick is one of the few provincial jurisdictions where local governance is based exclusively on community-based municipal government. Compared to most other provinces, New Brunswick counts a very large number of purely local general-purpose governance units: 101 local municipalities, three rural communities, 267 local service districts (LSDs), and 50 additional taxing authorities, for a total of over 421 units serving a total population of approximately 750,000.

Unitary regional government

The smaller the basic unit of local governance, the more likely there are to be *"externalities"* or *"spillovers."* These are impacts from governmental action which fall outside the government's jurisdiction. They can be either positive or negative for those living outside the local boundaries. They are positive when suburban or rural residents benefit from exclusively locally-funded services such as recreation facilities or transportation infrastructure. They are negative when outsiders suffer from certain actions or programs such as when one municipality's sewage outflow pollutes another's source of drinking water. The central point here is that, either way, not all costs and benefits accrue to those participating in and paying for the decisions. The externality phenomenon has some serious adverse effects on local decision-making. As noted by Honey, it has been demonstrated that: *"...failure to eliminate spillovers either forces some units of government to spend too much for service with others enjoying a free ride, or it causes underproduction of a service which is genuinely desired by its citizens"* (1976, p. 51). Because of the large number of relatively small municipalities and the absence of a local governance structure on a significant portion of the territory, the municipal structure of New Brunswick is known for its significant spillover problems. These were

well documented in the 2nd Allen report (1976) and several other studies conducted in the 1990s in the province's main urban centres.[2]

Small units of local governance also tend to overlook community interdependence that arises from the rural-urban interplay in particular. They reflect the needs of populations whose lifestyles were likely quite different from what they are today. That was a period when the great majority of the rural workforce was involved in the primary industries and was largely self-sufficient. Communication and transportation technology did not allow regular contacts between people living in separate communities. Today, an unprecedented number of rural residents travel to towns and cities for work every day (see Chapter 5, Figure 13).

Unitary community based governance structures also belong to a period when demand for local services was relatively limited. Governments, in particular local ones, were generally not looked upon favourably, being more concerned with passing laws forbidding certain activities rather than providing services. The potential for significant "*externalities*" or "*spillovers*" was, therefore, also relatively limited. This changed over time with the broadening of the scope of necessary services at the local level. More recently, there appears to be an increase in demand for what can be called community services in the broad sense of the word, as well as for cultural and recreational services. There is also considerably more demand for local planning. All of these "*new*" services have one common feature, i.e., potential for considerable spillover effects. They should, therefore, logically take into account geographic areas larger than just the individual city, town or village.

The traditional means of addressing "*spillover*" or externality effects is to internalize them by enlarging the municipal jurisdiction to capture the whole "*market area*" of the given services (recreation, water, waste disposal, etc.). This is generally accomplished by boundary adjustments which involve amalgamation of adjoining local units, annexation of adjacent areas, or a combination of both. Internalizing "*externalities*" or "*spillovers*" may, however, require the creation of quite large, general-purpose, new local government units so as not to leave significant numbers of people outside. Often, the compromise has been to proceed with more limited amalgamation and annexations in combination with the creation of quasi-independent, single-purpose agencies to service larger geographic areas. These single-purpose agencies typically provide services across several local government units. They constitute a form of regional structure. While they allow for the existence of relatively smaller local government units, they bring with them issues of accountability and cross-sector service coordination.

Another, more radical, but perhaps also more effective way of dealing with externalities has been to create large unitary regional municipalities. In recent years, several provinces have used this approach. The development of modern transportation infrastructure and the advent of communication technologies have made people more mobile. They have contributed to removing the barriers created by physical distances between communities. Larger geographical government units can be created without unduly impeding interaction among residents or access to decision-makers. While there is still no consensus on what the optimal size of a municipal government unit should be, it is fair to say that, over time, the threshold has moved upward. As a result, municipal governing structures tend to coincide with larger geographic areas, i.e., they are less local in nature. Unitary (multi-community) regional municipalities are now present in many of Canada's larger metropolitan centres such as Toronto, Vancouver and Ottawa. Many of today's unitary regional municipalities have evolved from two-tier governance structures that proved too complicated and too costly to operate. Closer to us, Nova Scotia has experienced the creation of unitary regional municipalities in the greater Halifax, Cape Breton and the Queens County areas. These "*regional municipalities*" have combined urban and rural populations under one local government entity. A similar solution was advanced by Allen (1976) to deal with issues of governance in the unincorporated and mostly rural areas of New Brunswick. It proposed the incorporation of large tracts of rural territory as full-fledged municipalities with basically the same powers and taxing authority as those of existing villages, towns and cities. As such, his proposed 11 rural municipalities would have constituted unitary regional governments. However, because the proposed new regional governments did not include the more urban centres, it is doubtful that they would have adequately addressed spillover issues.

Inter-municipal cooperation: compromise solution

Considerable evidence supports the contention that larger municipal governments are needed to solve problems of a regional nature

2 In the 1990s, restructuring studies were completed in the following areas: Saint John, Moncton, Miramichi, Madawaska, Campbellton and Dalhousie.

such as spillovers, interdependence between urban and rural areas or between urban units. Generally, larger units have demonstrated better financial and administrative capabilities to provide modern municipal services. As discussed above, the case against large regional municipal units may be also considerably weaker in today's highly mobile society. But, in spite of such favourable conditions, here in New Brunswick and in many long-established communities across the country, attachment to and preference for smaller, more local, forms of governance remains quite strong. Many are still of the view that since municipal government is essentially about local choices, there is a need for separate local jurisdictions so that people are offered different mixes of services and so they can achieve their preference by choosing where they live. Supported by the proponents of "*local autonomy*" and "*community identity*," these arguments are often used to criticize the establishment of larger municipal government units. Larger municipal government units, it is argued, are established at the expense of local discretionary decision-making, including the ability to set property tax rates at the community level.

Local autonomy, however, often comes at a price. Achieving high standards of local discretionary decision-making and preserving community identity may be done at the risk of great losses in efficiency, financial costs and service quality. In effect, local capacity is compromised. There is no perfect answer to the question "*Does efficiency warrant giving up local decision-making or autonomy*"? This is why, in the search for a reasonable balance between local autonomy objectives and efficiency values, certain compromise strategies have been pursued. These compromise solutions involve inter-municipal cooperation mechanisms, and they come in various configurations and shades.

In New Brunswick, the Byrne report (1963) was keenly aware of the limitations inherent in smaller municipal units in terms of their financial and administrative capacities. Urban expansion was seen as inevitable in a modern and dynamic society and the Report took the position that it needed to be provided for according to some "*pattern or plan*." It cited annexation, partial or complete amalgamation, and limited amalgamation for particular services as instruments that should be considered in dealing with issues of expansion. However, concerned with potentially "*bitter conflicts of local interests*" the Report stopped short of recommending amalgamation of independent cities and towns even where they were sitting beside each other.

On the one hand, Byrne appeared as a strong defender of local autonomy and community identity:

> "*We do not think that municipalities must always surrender their historic identities nor lose their feeling of community by being swallowed by a larger whole. On the contrary, it is surely desirable that matters of neighbourhood interest, such as parks, local access roads and whether the street lighting wires should be put underground, should be decided by the council to which the residents of the particular neighbourhood have the most ready access*" (1963, p.189).

But, on the other hand, he recognized that "*...failure to integrate the development of contiguous urban areas inevitably results in fragmented, often chaotic and always costly consequences*" (1963, p. 188).

In looking for the right balance between local autonomy and the economic delivery of services, he was very mindful of the possible excesses of well-entrenched local government entities. The solution, he thought, resided in inter-municipal cooperation, but with teeth. His proposal was to build the foundation for solid inter-municipal cooperation by creating, in existing adjoining municipalities, a metropolitan council made up of representatives of the participating municipalities and by mandating the sharing of a number of key services among all of them. Most notable in his proposal were the services suggested for mandatory sharing. They touched several of the most central responsibilities of local governments as we know them in Canada, namely water, fire protection, police protection, sanitary sewage disposal and community planning. While the sharing of such key essential services would have made local governments more efficient, it would also have reduced their autonomy and local responsibilities.

In the words of Commissioner Byrne, mandatory joint provision was recommended "*...to save municipalities from their own follies-- a type of folly founded in human nature itself*" (1963, p.188). Had his proposal (and especially joint planning with non-incorporated areas on the outskirts of municipalities) been adopted by the government of the day, it would have likely prevented many of the problems associated with sprawl and ribbon development that have been so prevalent in New Brunswick since the municipal reform of 1967.

The metropolitan council such as proposed by Byrne constitutes a forum for inter-municipal cooperation. The mechanism was quite popular in the 1970s and 1980s across Canada. Several of the present metropolitan government entities of the country (Toronto, Vancouver and Ottawa, to name just a few examples) were transformed into large unitary regional governments after having participated in a metropolitan council structure for a number of years.

Inter-municipal cooperation can be organized in different ways, the metropolitan council being one of them. In Canada, the metropolitan council has generally been used as a preferred structure to bring adjacent urban municipalities to work more closely together. It has often meant the creation of a second tier of local government (with directly elected officials and taxing authority). In several of the larger provinces and urban agglomerations such second-tier political structures have proven to be temporary and have merely constituted a phase on the way to larger unitary entities such as those described above.

In other cases, however, inter-municipal cooperation has stopped short of constituting a second level of government and has been structured on a functional-administrative rather than political basis. It has translated into purely administrative arrangements for the sharing and coordination of services. Under this variant of inter-municipal cooperation, the structure is heavily dependent on its constituents since it is made up of the participant local municipalities. It involves no direct election of officials and no power of taxation. Individual municipalities are represented on the inter-municipal structure either through the delegation of elected officials or by the appointment of selected employees. Shared services are funded by individual participant municipalities based on prescribed formulae. In a number of provinces, such inter-municipal cooperation structures have spread beyond adjacent urban municipalities (metropolitan councils as per the Byrne model) to encompass semi-urban and rural areas. Examples of the latter forms can be found in British Columbia with "***regional districts***" and in Quebec with "***les municipalités régionales de comté***." In the British Columbia model, the non-incorporated territories or communities can elect representatives directly to the regional structure while incorporated municipalities are represented by locally elected officials. The regional structure becomes, de facto, the municipal government of non-incorporated areas for the purpose of service delivery. While local municipal participation is compulsory in the Quebec regional structure, in British Columbia, the involvement of the non-incorporated communities varies by service area and is largely voluntary. Because of this optional participation, the British Columbia regional cooperation structure has been seen as weak by a number of municipal experts.[3]

Presently, New Brunswick has no uniform and formal mechanism to facilitate inter-municipal and regional cooperation. Local democracy and service delivery remain organized almost entirely on purely local and relatively small government units. There are presently local service districts with as few as five residents and villages with only a couple of hundred people. Yet inter-municipal cooperation is entirely voluntary. Where and when it happens, it is ad hoc in nature and takes place only on a sectoral basis.

3 For a more detailed comparison of regional models see **Report of the Royal Commission on Municipal Government in Newfoundland and Labrador** (Whalen Report, 1974), Chapter 13.

Part 2

The New Brunswick Situation

Outline

Chapter 4
Where We are Today:
A Portrait of New Brunswick's Local Structures

4.1 An Overall Picture . . . 27

4.2 Local Governance Structures . . . 28

4.3 Representation, Mandates, Roles and Responsibilities . . . 29

4.4 Service Provision . . . 29

4.5 Finances and Property Taxation . . . 32

4.6 How Property Taxation Currently Applies . . . 33

In municipalities . . . 34

In local service districts . . . 34

In rural communities . . . 35

4.7 Legislative Framework . . . 35

4.8 Elements to Build on... Foundations for the Future of Local Governance . . . 35

Appendices

Appendix 1: Crown Lands in New Brunswick . . . 37

Appendix 2: Current Population and Tax Bases of Municipalities, Rural Communities and Local Service Districts . . . 37

Appendix 3: Map of District Planning Commission Boundaries . . . 44

Appendix 4: Map of Solid Waste Commission Boundaries . . . 44

Appendix 5: Map of Community Economic Development Agencies . . . 45

Chapter 4

Where We are Today: A Portrait of New Brunswick's Local Structures

As we consider the future of the local governance system in this province and contemplate the changes that could be made, it is helpful, as a starting point, to have an understanding of what's in place today. This chapter provides an overview of present local governance and service delivery structures in New Brunswick as well as the financial and legislative framework that supports them.

4.1 An Overall Picture

There are currently 101 municipalities, three rural communities, and 267 local service districts in the Province. These numbers reflect the recent amalgamation of Florenceville and Bristol, as well as the creation of the new rural community of Upper Miramichi. Figures 1 and 2 present a picture of the local governance structures in the Province, along with the corresponding populations and geographical areas covered. While the governance of First Nations communities is not a topic in this report, as they are a matter of federal jurisdiction, they are identified in the figures below for the purpose of presenting a complete picture as to how the province is organized at the local level.

Figure 1: Local Governance Map 2008

Outline

Chapter 4
Where We are Today:
A Portrait of New Brunswick's Local Structures

4.1 An Overall Picture 27

4.2 Local Governance Structures . . . 28

4.3 Representation, Mandates, Roles and Responsibilities . . . 29

4.4 Service Provision . . . 29

4.5 Finances and Property Taxation . . . 32

4.6 How Property Taxation Currently Applies . . . 33

In municipalities . . . 34

In local service districts . . . 34

In rural communities . . . 35

4.7 Legislative Framework . . . 35

4.8 Elements to Build on... Foundations for the Future of Local Governance . . . 35

Appendices

Appendix 1: Crown Lands in New Brunswick 37

Appendix 2: Current Population and Tax Bases of Municipalities, Rural Communities and Local Service Districts 37

Appendix 3: Map of District Planning Commission Boundaries 44

Appendix 4: Map of Solid Waste Commission Boundaries 44

Appendix 5: Map of Community Economic Development Agencies 45

Chapter 4

Where We are Today: A Portrait of New Brunswick's Local Structures

As we consider the future of the local governance system in this province and contemplate the changes that could be made, it is helpful, as a starting point, to have an understanding of what's in place today. This chapter provides an overview of present local governance and service delivery structures in New Brunswick as well as the financial and legislative framework that supports them.

4.1 An Overall Picture

There are currently 101 municipalities, three rural communities, and 267 local service districts in the Province. These numbers reflect the recent amalgamation of Florenceville and Bristol, as well as the creation of the new rural community of Upper Miramichi. Figures 1 and 2 present a picture of the local governance structures in the Province, along with the corresponding populations and geographical areas covered. While the governance of First Nations communities is not a topic in this report, as they are a matter of federal jurisdiction, they are identified in the figures below for the purpose of presenting a complete picture as to how the province is organized at the local level.

Figure 1: Local Governance Map 2008

Figure 2: Local Governance Structures, Population and Geography

Type of Structure	Number	Population	Percent of total Population	Area covered (sq. kms)	Percent of Area Covered
Municipalities	101	456,641	62.5%	3,300	4.5%
Rural Communities	3	11,243	1.5%	2,265	3.1%
Local Service Districts (LSD)	267	254,527	34.9%	67,097	92.1%
First Nations Communities	(20)	7,586	1.0%	157	0.22%
Totals	**371**	**729,997***	**----**	**72,820**	**----**

Note:
***Based on 2006 Statistics Canada Census. The population figures used in this report are based strictly on the data available from the 2006 Census.** It is estimated that the total population of New Brunswick is actually approximately 751,000, which would account for undercoverage. This latter population estimate is based on 2001 Census counts, adjusted for net undercoverage. This undercoverage is explained by individuals not responding to the Census and estimates of net migration.

There are some important observations to make regarding this overall portrait of local governance administrative structures.

- The incorporated parts of the province (municipalities and rural communities) account for 62.5 per cent of the population, but only 7.6 per cent of the geographical area;
- 92.1 per cent of the geographical area of the province is unincorporated (i.e., covered by LSDs); however, a substantial portion of this area is Crown land. Appendix 1 for this chapter illustrates the Crown land footprint in relation to local service district (LSDs), municipal and rural community boundaries;
- Approximately 35 per cent of the population resides in unincorporated areas (local service districts); that is, in areas where there are no municipal elected councils to govern and make decisions regarding local service provision; and
- With some exceptions, municipalities and rural communities are located in relatively concentrated areas across the province, mostly near major waterways or coastlines.

4.2 Local Governance Structures

The *"local municipality"* has proven to be the most enduring structure of New Brunswick's local government system. By way of example, the status of the City of Saint John as an incorporated local government dates back to 1785. The City of Fredericton was incorporated in 1848. In fact, several cities and towns in New Brunswick have enjoyed long histories dating back to the 1800s. Although the major changes introduced by Premier Louis J. Robichaud's government in 1966 as part of the Equal Opportunity (EO) reforms resulted in the abolishment of the county governments, existing cities, towns and villages were left intact. In place of *"county municipalities"*, a number of villages were established as incorporated municipalities (primarily where there were small concentrations of population). In addition, LSDs were established across the province for those areas not served by municipalities.

Today's 101 municipalities are made up of eight cities, 27 towns and 66 villages. Although there is significant variance among these local governments in terms of population and financial capacity, they all have the same powers under the *Municipalities Act* and a variety of other provincial statutes. In legislation, the minimum population required to become a city is 10,000 and the minimum population required to become a town is 1,500. These requirements have been in place since 1966 and have not been adjusted. There are no minimum population requirements provided in legislation for the establishment of villages. If a town or city falls below the established population thresholds, it does not result in a change of their status.

LSDs were created in 1967 as administrative units to be serviced by the provincial government. They were not intended to serve as local governments, but some have seen them as a form of local governance. Along with newly created villages, they cover the areas formerly governed by the county governments. Today, there are 267 LSDs and within some of these LSDs there are further divisions referred to as "taxing authorities" where additional services, such as street lighting are provided. This brings the total of administrative units in the unincorporated areas to approximately 320.

In 1995, following recommendations from the **Commission on Land Use and the Rural Environment** (tabled in 1993 and commonly referred to as the **CLURE** report), a new form of local government was introduced: the rural community. LSDs could join together to form into a rural community. This new structure would have the singular

responsibility for the development and administration of a land use plan. Only one of these rural communities was established over a 10-year period. In 2005, an enhanced version of the rural community model was introduced that would allow for a village and/or LSDs to come together as one unit. The major difference with this new model was the ability to acquire other local service responsibilities over time (beyond land use planning). In addition, they could take advantage of all the by-law-making authority that municipalities have. Since the introduction of this new structure in legislation, three new rural communities have been formed (including the movement of the previously existing rural community of Beaubassin-Est to this new model). In terms of requirements for establishing a rural community, a minimum population of 2,000 and a minimum tax base of $100 million have been identified by the Department of Local Government as baseline thresholds for sustainability. These thresholds are not legislated.

The following figure provides a picture of the relative sizes of New Brunswick's municipalities (cities, towns and villages), rural communities and LSDs in terms of population, tax base and tax base-per-capita ranges. Populations and tax bases for individual municipalities, rural communities and LSDs are included in Appendix 2 for this chapter.

Figure 3: Local Governance Structure and Tax Base

Municipality Types	Population Range*	Tax Base Range**	Tax Base per Capita Range**
Cities (8)	7,384 to 68,043	$368 million to $4.7 billion	$49,956 to $90,240
Towns (27)	947 to 17,832	$58 million to $1 billion	$42,523 to $212,459
Villages (66)	155 to 4,638	$5 million to $346 million	$18,808 to $202,520
Rural Communities (3)	2,064 to 6,765	$84 million to $398 million	$34,632. to $155,779
Local Service Districts (267)	5 to 8,861	$680,000 to $380 million	$9,770 to $307,464

Sources: *Statistics Canada (2006 Census)
**2008 financial data for municipalities, LSDs and rural communities (Department of Local Government).

4.3 Representation, Mandates, Roles and Responsibilities

Municipalities are governed by elected councils consisting of at least three councillors and one mayor. These councils are elected by the general population (specifically, those eligible to vote under the *Municipal Elections Act*) within a defined set of boundaries every four years. The term for which council members are elected was changed from three to four years in 2004. Councillors may be elected on a ward-by-ward basis, on a completely *"at-large"* basis (i.e., all councillors elected by the general population within the municipality), or through a combination of the two. The composition of the council and representation (ward system or at-large) is a decision of the council, and is enacted by way of by-law. Every council is supported by an administration, which may range from one individual to a staff complement of several hundred.

Rural communities are also governed by elected councils consisting of councillors and a mayor under the same rules as municipal councils. Councillors can be elected on a ward-by-ward basis, on an at-large basis or through a combination of these two approaches. As is the case with municipalities, rural community councils are elected for four-year mandates.

In the case of LSDs, there is no elected council. Rather, there are advisory committees elected for terms of two years at public meetings. Currently, 158 of the 267 LSDs have an advisory committee. These advisory committees have no decision-making authority. They serve to provide the Minister of Local Government (through the Department of Local Government's Local Service Managers) with advice regarding local service provision within their boundaries. More specifically, these advisory committees provide input into the preparation of the annual budget and setting of the local tax rate, on the day-to-day administration of the LSD and regarding services such as fire protection and recreation.

4.4 Service Provision

Municipalities have the authority to provide a specific set of services. The authority to provide these services is contained in the First Schedule of the *Municipalities Act* as well as in various other provincial statutes. Only two services are mandatory: policing and emergency measures planning. Having said this, it is clear that there are other

services that are, by default, mandatory (e.g., fire prevention and suppression, roads, garbage disposal). It is important to emphasize that the First Schedule provides a general listing of the services municipalities may provide. In reality, it does not reflect the breadth of services actually provided, particularly when we look at the nature of services being offered by cities and towns. A comprehensive overview of services provided by municipalities is identified in the following table.

Figure 4: Services Provided by Local Governments

*Chart developed by the City of Fredericton.

Policing

Highway Patrol – enforcement of highway traffic

Legislation and Criminal Code offences

Emergency Incident Response

Criminal Investigation

Prosecution

Court Security

Victim/Witness Support

Community Policing:

- Neighbourhood Programs
- Education Programs
- Crime Prevention Programs

Maintaining Jails and Lockups

Host of Specialty Services:

Emergency Response Team

Canine Units, etc.

Fire

Fire Suppression, Fire Prevention

Fire Investigation, First Responder Medical Assistance

Ice/Water Rescue, Hazardous Materials

Occupational Training and Development

Planning and Development Control

Building Permits and Inspection

Development Control

Long-term Planning

Strategic Planning

Heritage Planning and Preservation

Tourism

Visitor Services

Tourism Promotion

Tourism Development

Events Co-ordination

Convention Bureau

Tour Bus Operations

Arts and Culture

Facilities Construction and Maintenance

Operations Funding

Grants to Organizations

Heritage Preservation

Governance

By-law Development and Adoption Process

Open Governance

Public Input and Consultation

Issues like Sunday shopping and non-smoking by-laws

Litigation

Public Works

Roads and Streets

Construction of road surface, curb, gutter and sidewalk)

Pavement Maintenance (cleaning, patching, striping)

Winter Maintenance:

- Snow and Ice Control
- Snow Clearance and Removal

Traffic Control

Street Lighting

Storm Water Collection, Retention and Disposal

Engineering Support

Geographic Systems

Solid Waste Collection

Recycling

Solid Waste Disposal (Regional Facilities)

Water & Sewer Utilities

Potable Water Collection, Treatment and Distribution

Water for the Fire Service

Water Conservation and Public Education

Wastewater Collection, Treatment and Disposal

Parks and Trees

Construction and Maintenance of Parks and Trails

Arboriculture and Horticulture

Grounds Maintenance

Composting

Public Transit

Fixed-Route Service

Disabled Persons Transportation

Student Transportation

Recreation

Facility Construction, Maintenance and Operation:

- Arenas, Swimming Pools, Fitness/Community Centres, Ball Fields, Tennis Courts, etc.

Community-based Sport, Recreation and Leisure Development

Recreation Programming (for all segments of society, from pre-schoolers to seniors)

Fitness, Recreation and Cultural Instruction

Community Special Events hosting/coordinating

Support Services (Administration)

All those internal services that support the public services, e.g. financial, human resources, legal, information technology, property management, asset and fleet management, telecommunications

Other

Capital and Operating expenditures of airports

Subsidization of affordable housing

Numerous issues surrounding environment protection

Municipalities are also authorized to enact by-laws governing various local activities. These by-law-making powers are found primarily in the *Municipalities Act*; however there are several other statutes that confer additional by-law-making powers to municipalities.

Rural communities also have the authority to provide the same set of services that municipalities may offer. However, they must assume responsibility for and provide the services of land use planning and emergency measures planning. The services of police protection, transportation (roads) and dog control are all provided by the provincial government in those areas of a rural community that were formerly unincorporated. In addition, services such as fire protection, recreation and street lighting remain the responsibility of the provincial government until such time as the rural community assumes responsibility for these services. The same holds true for the services of policing, roads and dog control. Rural communities may also enact by-laws to govern various local activities.

In LSDs, the provincial government is responsible for all local services. The services of police protection, transportation (roads) and dog control are all provided by the provincial government. The provision of other services (e.g., street lighting, recreation) is also looked after by the provincial government but such services are only offered following a vote at a public meeting. Fire protection is provided in all LSDs through a variety of arrangements facilitated by the provincial government (e.g., volunteer fire brigades, purchasing of service from other LSDs or municipalities). When a new service is envisaged, a change in a regulation authorized by Cabinet is required. As for the control of local activities, regulations may be enacted by the provincial government, but they will generally apply to all unincorporated areas (i.e., to all LSDs). Over time, very few such regulations (beyond land use planning in some LSDs) have been enacted that affect LSDs. These have included regulations pertaining to dog control and garbage collection requirements.

Services are delivered in municipalities in a variety of ways. Services may be provided by the municipality itself through one of its departments; through an agency, board or commission created by the municipality; through agencies or commissions established by the provincial government; through agreements with neighbouring municipalities, LSDs or the provincial government; through public-private partnerships; and through simply contracting out of services. Similar arrangements can be made in the case of rural communities.

Over an extended period of time, the provincial government has established sector-specific agencies to provide services on a region-wide basis. Of particular note are the 12 District Planning Commissions (DPCs), the 12 Solid Waste Commissions (SWCs) and the 15 Community Economic Development Agencies (CEDAs). These three types of regional agencies cover the whole province but their boundaries do not all coincide with one another. Maps of the boundaries of these three entities are included in Appendices 3, 4 and 5 for this chapter. In general terms, these regional entities were created as mechanisms to facilitate sharing the cost of providing specific services and to achieve economies of scale. They were also conceived as a tool for development on a regional basis.

Twelve DPCs have been established by the provincial government. Their role is to provide land use planning services to municipalities, rural communities and LSDs. These services consist primarily of activities relating to the development of land use plans (municipal plans, rural plans), administration/enforcement of by-laws (subdivision, building and zoning), processing of development and building permit applications, subdivision approvals, development approvals, building inspections, geographic information services (mapping and property data base management), and coordination of development reviews and approvals with government departments/agencies and other bodies (e.g., the departments of Environment, Health, Transportation; municipal councils; Service New Brunswick; and watershed groups).

While the main premise of the DPCs is to offer planning services in a cost-effective manner by having several local entities share in the cost of providing them, participation of the municipalities in these agencies varies from region to region. In some cases, municipalities have opted to look after their own land use planning services. As for the LSDs, they must all belong and provide financial support to a planning commission. The Rural District Planning Commission is the only planning commission that serves LSDs exclusively. It was originally established as a temporary commission, in anticipation that regional planning commissions would eventually cover the whole province. The Department of Environment is responsible for the legislation governing the planning commissions.

Twelve SWCs have been established to provide the service of solid waste disposal on behalf of all municipalities, rural communities and LSDs. Each of these regional commissions is funded by the participating local governance entities (via property taxation, based

on a per-ton tipping fee) as well as through revenues from the tipping fees charged to industrial, commercial and institutional entities. Every municipality, rural community and LSD must participate in the financing of the SWCs. First Nations communities also access the services of the SWCs and contribute to their funding. There are six regional disposal sites in the province along with five regional transfer stations.

Fifteen CEDAs have also been established by the provincial government. The primary role of these agencies is to foster coordination of economic development on a regional basis. In carrying out this mandate, these agencies undertake several activities, including business counselling, small and medium business development, development of strategic clusters, management training for small- and medium-sized businesses, investment support and identifying opportunities for investment and export. In discussion with representatives of the CEDAs, it is apparent that roles vary across the province. These entities are funded by the federal government, the provincial government of New Brunswick and municipalities. Not all municipalities participate in the funding of these regional entities. LSDs do not provide financial support to these agencies.

There are a variety of smaller-scale, sub-regional bodies in place across the province offering specific services. For example, Shediac and its surrounding area are served by the Greater Shediac Sewerage Commission, which provides wastewater collection and treatment services to several communities. The Greater Saint John Regional Facilities Commission was established by provincial legislation to mandate the sharing of the costs for five major facilities in the area. The four municipalities of Beresford, Nigadoo, Petit-Rocher and Pointe-Verte are served by one local police force. It is also important to note that there are hundreds of agreements in place across the province between municipalities, LSDs and rural communities for the provision of some services. There are no formalized decision-making structures associated with these latter agreements; rather, they are simply contractual arrangements whereby one entity agrees to provide a service to another for a price. These agreements are typically found in the areas of fire prevention and suppression and of recreation. Recently, there has been substantial demand on the Department of Local Government to facilitate the development of cost-sharing agreements for major recreational facilities between communities.

There are two other services, which are perhaps more appropriately termed as "*functions*," provided by the provincial government to all municipalities, LSDs and rural communities. They are property assessment and property tax collection. With the advent of the reforms introduced under Premier Robichaud in the 1960s came the centralization of the property assessment and property tax collection functions. This meant that the provincial government took over sole responsibility for these activities (from the existing municipalities), thus ensuring uniform standards across the province for assessment and property tax collection practices. There appears to be general consensus that the centralization of these two functions with the provincial government has been beneficial for the local governance system.

4.5 Finances and Property Taxation

To finance their operations, municipalities receive revenues through several sources. The primary source of revenue for municipalities is the property tax. Other important sources of revenue include the unconditional grant received from the provincial government, sales of services to neighbouring municipalities and LSDs, user fees associated with particular services (recreation programs and facilities, water and wastewater, garbage collection) and charging of fees for licenses and permits. Municipalities also have access to specific conditional grants, usually associated with the development of infrastructure within their boundaries. Examples include funding received through the Canada-New Brunswick Agreement on the Sharing of Gas Tax Revenues and the Municipal Rural Infrastructure Fund. These latter revenue sources are important to municipalities and serve as a catalyst for infrastructure development and/or renewal.

Figure 5 illustrates the breakdown of revenue sources for municipalities for 2008.

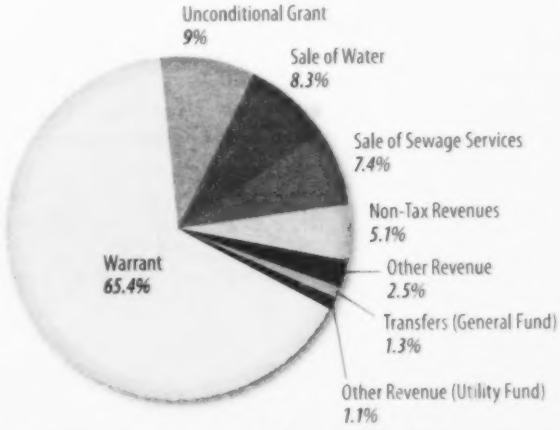


Figure 5: Total Budget Revenues – 2008 Cities, Towns and Villages

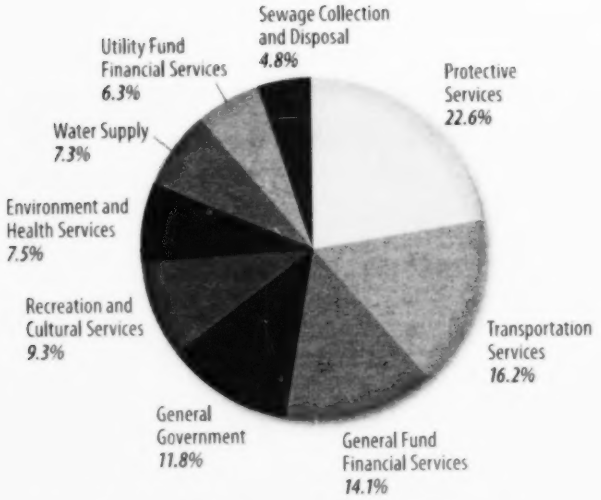

Sewage Collection and Disposal 4.8%
Utility Fund Financial Services 6.3%
Protective Services 22.6%
Water Supply 7.3%
Environment and Health Services 7.5%
Recreation and Cultural Services 9.3%
Transportation Services 16.2%
General Government 11.8%
General Fund Financial Services 14.1%

Figure 6: Total Budget Expenditures – 2008 Cities, Towns and Villages

In the case of LSDs, approximately 96 per cent of the revenues are generated through property taxation and the remaining four per cent comes from the unconditional grant and through the sale of services (primarily fire protection services).

In terms of expenditures, the most substantive budget items for municipalities are protective services (policing, fire protection and emergency measures), transportation services (roads) and debt financing, as Figure 6 illustrates.

For LSDs and rural communities, the bulk of the budgets are directed toward waste collection/disposal and fire protection services, as shown in Figure 7. Policing is not included here as it is the Province that has the entire responsibility for providing this service to the unincorporated areas.

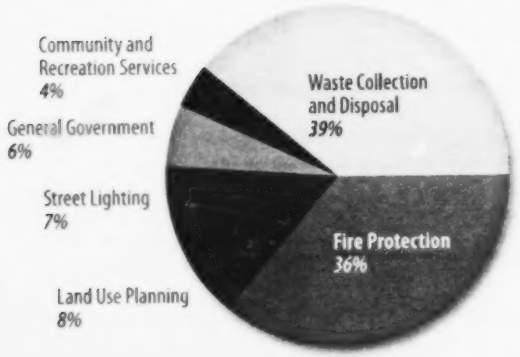


Figure 7: 2007 Local Service District and Rural Community Services Administered by the Minister of Local Government

It should be emphasized that among municipalities and LSDs, there are substantial differences in terms of revenue sources and expenditure pressures. These differences are attributed to the relative strength of tax bases, the scope and range of services and various other factors.

For capital projects, municipalities and rural communities may access loans through the New Brunswick Municipal Finance Corporation. The borrowing of these funds is authorized by the Municipal Capital Borrowing Board, which falls under the mandate of the Department of Local Government. Loan repayment is financed either through property taxation or through utility fees. Loans acquired through the New Brunswick Municipal Finance Corporation have proven beneficial to most municipalities in that they have access to lower interest rates resulting from pooled borrowing and the provincial guarantee on the loans.

LSDs do not have access to borrowing through the New Brunswick Municipal Finance Corporation. Rather, an allocation is struck under the Province's capital budget that is made available to LSDs for the purchase of emergency equipment (not including new fire trucks) and maintenance of fire halls and recreation facilities. In 2007-08, this allocation amounted to approximately $500,000. Allocations to LSDs through this fund are recovered via local property taxation. In the case of new fire trucks, they are leased through a Special Operating Agency of the Department of Transportation, the payments for which are included in an LSD's annual operating budget. As such, these lease payments are also recovered through local property taxation.

4.6 How Property Taxation Currently Applies

As noted previously, the property tax is the single most important revenue source for municipalities, rural communities and LSDs. While the concept of property taxation is relatively straightforward, its application warrants some explanation, given that there are differences between municipalities, rural communities and LSDs. In addition, both local and provincial governments use property taxation as a revenue source. The following figure has been developed to assist in providing an overview of the property tax regime. A detailed explanation to clarify for the reader how property taxes are applied is provided, given that this report contains substantive recommendations regarding this area.

Figure 8: Property Tax System – Municipalities, Local Service Districts and Rural Communities

Property type	Property tax rates	Municipalities	Local Service Districts (LSDs)	Rural Communities
Owner-occupied residential	Local Services Rate	$1.51	0.29	$0.09 + $0.20
(primary residence)	Rate for provincially provided local services		+$0.65	+ $0.65
	Provincial Taxation	n/a	n/a	n/a
	Totals	$1.51	$0.94	$0.94
Non owner-occupied residential	Local Services Rate	$1.51	$0.29	$0.09 +$0.20
(e.g., cottage, apartment buildings)	Provincial Taxation	+$1.50	+$1.50	+$1.50
	Totals	$ 3.01	$1.79	$1.79
Non-residential (commercial / industrial)	Local Services Rate (1.5 X residential rate)	$2.265	$0.435	$0.135 +$0.30
	Provincial Taxation	+$2.25	+$2.25	+$2.25
(e.g., service station)	**Totals**	$4.515	$2.685	$2.685

* Based on 2008 average property tax rates.

Notes for table:

- Property tax rates in the figure are the amounts charged per $100 of assessed property value.
- Local service property tax rates provided in the figure are averages for the fiscal year 2008.
- The $0.65 rate for provincially provided local services covers a portion of the costs associated with policing, roads, dog control and administration for the unincorporated areas.
- The $1.50 and $2.25 rates are levied by the Province, the revenue from which is directed to the provincial government's general revenue fund to help cover costs associated with such services as health, education, social assistance and justice.
- Non-residential local rates are legislated at 1.5 times the local rate set by council.

Below is a more detailed description of how the property tax regime applies depending on the type of local governance structure involved.

In municipalities

- **Owner-occupied residential properties** (i.e., your primary residence) are subject to a local rate established annually by the municipal council to meet budget requirements for local services, other than water and wastewater, which is dealt with through a separate user fee. The $1.51 in the figure reflects the average local property tax rate in municipalities for 2008. This rate will vary significantly among municipalities (from a low of $0.90 to a high of $1.80), depending on service levels and the strength of the tax base. There are no provincial property taxes on owner-occupied residential properties. Thus, on a property with an assessed value of $100,000, the property taxes to be paid would be $1,510.
- **Non-owner-occupied residential properties** (e.g., a cottage or a rental property), are subject to the local rate ($1.51 in this example). These properties are also subject to a provincial property tax rate of $1.50. The combined property tax rate therefore amounts to $3.01, which would mean taxes of $3,010 on a property assessed at a value of $100,000.
- **Non-residential properties** (i.e., businesses) are subject to the local rate, multiplied by 1.5 ($1.51 X 1.5 in this example). These properties are also subject to a provincial property tax rate of $2.25. Thus, the combined tax rate would be $4.515 and on a property assessed at $100,000, the total property tax bill would be $4,515.

In local service districts

- **Owner-occupied residential properties** are subject to a local rate established annually by the Minister of Local Government to meet budget requirements for local services ($0.29 in this example). The provincial government also taxes these properties at a rate of $0.65 per $100 of assessed value to recover some of the costs associated with policing, roads, dog control and administration. Therefore the combined property tax rate is $0.94, which results in a total property tax bill of $940 on a property with an assessed value of $100,000.
- **Non-owner-occupied residential properties** are subject to the local rate ($0.29 in this example). These properties are not subject to the $0.65 provincial levy for policing, roads, dog control and administration. However, they are subject to a provincial property tax rate of $1.50. The combined property tax rates therefore amount to $1.79, which would mean paying $1,790 on a property assessed at a value of $100,000.
- **Non-residential properties** are subject to the local rate, multiplied by 1.5 ($0.29 X 1.5 in this example). These properties are also not subject

to the $0.65 provincial levy. However, they are subject to a provincial property tax rate of $2.25. Thus, the combined tax rate in this case would be $2.685 and on a property valued at $100,000 the total property tax bill would be $2,685.

In rural communities

- **Owner-occupied residential properties** are subject to two local rates: one covers the costs associated with administration and land use planning (as well as any other service the rural community takes responsibility for) which is established by the elected council ($0.09 in this example); the other rate covers the costs associated with other provincially provided local services (e.g., possibly street lighting, fire protection, solid waste collection and disposal, and recreation), which is established by the Minister of Local Government ($0.20 in this example). These properties are also subject to the provincial levy of $0.65 charged to recover some of the costs associated with policing, roads, dog control and administration. In the example provided, the combined property tax rate would be $0.94, which on a property valued at $100,000 would result in a property tax bill of $940.
- **Non-owner-occupied residential properties** are subject to the two local rates ($0.09 and $0.20) and to the provincial property tax rate of $1.50. They are not subject to the $0.65 rate to cover a portion of the costs associated with policing, roads, dog control and administration. In this example, the combined property tax rate would be $1.79, which would translate to a property tax bill of $1,790 on a property with an assessed value of $100,000.
- **Non-residential properties** are subject to the two local rates (multiplied by 1.5) and to the provincial property tax rate of $2.25. They are not subject to the $0.65 rate to cover a portion of the costs associated with policing, roads, dog control and administration. In this example, the combined property tax rate would be $2.685, which would translate to a property tax bill of $2,685 on a property with an assessed value of $100,000.
- It should be noted that the property taxation structure in rural communities is more complex in cases where there is a former village included in the new rural community. The rural community must continue to provide the services that were provided in the former village but may or may not provide local services (beyond land use planning, emergency measures planning and administration) in the former LSD portion of the rural community. To further complicate understanding of the rural community tax structure, the $0.65 levy must be decreased when a rural community chooses to provide policing or roads in the former LSD areas (by $0.20 for policing and by $0.44 for roads).

4.7 Legislative Framework

The main piece of legislation governing municipalities, rural communities and LSDs is the *Municipalities Act*. Enacted in 1966, this statute sets out the framework for the governance and administration of municipalities, LSDs and rural communities. There are a number of regulations that have also been enacted under the *Municipalities Act* that provide further direction and details regarding the local governance system. In addition, there are several other statutes that have a direct bearing on the local government system. For example, the *Community Planning Act* sets outs the framework for land use planning processes for municipalities, rural communities and LSDs.

The *Municipalities Act* has been modified many times over the past 40 years but has not been substantially overhauled. It remains largely as it was when enacted in 1966, even though many specific amendments have been made to the legislation to address particular issues.

This concludes the description of the local governance system in New Brunswick as it is today. Before moving to the next chapter, it is worthwhile to identify the strengths of the present system of local governance in New Brunswick. These strengths can form part of the foundation for the future of local governance as we consider potential changes to the system.

4.8 Elements to Build on... Foundations for the Future of Local Governance

The current division of responsibilities between the provincial government and municipalities/rural communities continues to work well. In comparison to many other jurisdictions, the disentanglement of services that occurred in 1967 has been a very positive aspect of the provincial-local relationship. The fact that services such as health, education, justice and social assistance are of exclusive provincial jurisdiction has eliminated many of the difficult debates and negotiations witnessed in other provinces. This report supports the current division of responsibilities between the Province and local governments and advocates that it remain in place for the long term. While there may need to be adjustments over time in such areas as transportation or economic development, the fundamental alignment

of services that was introduced through the Equal Opportunity reforms of the 1960s continues to have substantial merit in terms of ensuring broad access to health, education, social assistance and justice services at a cost that is borne by all New Brunswick taxpayers. Moreover, local government officials have made it clear that they are not interested in assuming new responsibilities from the provincial government.

The provincial government's exclusive role in property assessment has been of tangible benefit to the local government sector. The fact that property assessment is conducted by one provincial agency (Service New Brunswick) ensures that the value of properties for the purposes of taxation is established in a consistent manner across the province. Furthermore, significant economies of scale and expertise are achieved by having one entity responsible for this service. The provincial government, through the Assessment and Planning Appeal Board, also takes responsibility for appeal processes associated with the property assessment function. Effectively, local governments do not have to involve themselves in the administrative complexities of property assessment.

The provincial government has complete responsibility for the property tax billing and property tax collection function. Local governments do not have to involve themselves in an activity that can be costly and time-consuming. For example, local governments do not have to get involved in collection of property taxes which sometimes results in difficult tax sales in the event that there are defaults on property tax payments. In fact, the benefits to local governments go further; they are guaranteed their property tax warrant by the provincial government, regardless of defaults on property tax payments. For these reasons, the continued provincial involvement in property tax billing and collection is supported by this report. There are no compelling reasons to make adjustments to this responsibility.

Provincial-local funding arrangements have always recognized that there are widespread differences in revenue raising capacities among municipalities in New Brunswick. As such, the provincial government has always included an equalization component in transferring unconditional grant funding to local governments. This emphasis on equalization has enabled similar municipalities across the province to have similar tax effort. Effectively, this "*equalization*" levels the playing field between similar local governments. Unconditional grant funding has also recognized that, in order for municipalities to provide a standard level of services at a reasonable rate of taxation, there is a need to provide what is termed as "*fiscal gap*" funding. In other words, funding sources should be available to fill the gap between expenditure responsibilities of local governments and their ability to raise revenues from their own sources (i.e., property taxation). Fiscal gap funding forms the second component of unconditional grant funding provided to local governments. It is our view that these two components of fiscal transfers between the Province and local governments have been beneficial.

There is recognition, both at the local and provincial levels, that cooperation in service delivery and financing is critical to providing certain services in a cost-effective manner. Across the province, there are hundreds of cooperative agreements that have been established to allow for the provision of services to two or more local entities, be they municipalities, rural communities or LSDs. These agreements range from the simple provision of fire protection services by one municipality to neighbouring communities to more formalized arrangements such as the operation of landfill sites and transfer stations by the solid waste commissions. While far more can be done to foster collective approaches to service provision (and issue resolution) and to break down barriers that have emerged between local governance units, there are, at the very least, successful examples of cooperation that cross administrative boundaries. It is our view that we need to build on these examples in order to fully realize the potential of cooperative approaches to service delivery, to resolve issues that cross boundaries and to plan for the future development of our communities.

Although controversial and difficult when they occurred, it does appear that previous restructuring initiatives (annexations, amalgamations and incorporations), dating back to the 1970s, have yielded clear benefits (e.g., improvement of services, rationalization and economies of scale, better planning, more financial capacity, more cooperation, recognition of evolving communities of interest and service-benefiting areas). At this point, there are few individuals who are seeking to turn back the clock on these restructuring initiatives. It is therefore important to acknowledge that the limited restructuring that has occurred in the past 35 years has had positive impacts over the long term, though opposition to many of these changes may have seemed insurmountable at the time.

The ongoing work of local governments to provide critical local services -- such as policing, fire prevention and suppression, water and wastewater systems, managing development through land use planning, road network maintenance and development -- as well as recreational

facilities and programs, to name a few, provide a clear indication of the essential role that local governments play in today's New Brunswick. In addition, many provincial initiatives have been influenced, in part, by municipal governments being proactive and taking on a leadership role. Examples include the introduction of smoking bans in indoor public places, initiatives to combat substandard housing, and the various initiatives to deal with the challenges of climate change. The important and critical role of local governments must continue to be recognized, valued and strengthened as we look to the future development of this province.

Appendix 1: Crown Lands in New Brunswick

Appendix 2: Current Population and Tax Bases of Municipalities, Rural Communities and Local Service Districts

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Cities		
Bathurst	12,714	824,433,507
Campbellton	7,384	380,601,477
Dieppe	18,565	1,742,129,657
Edmundston	16,643	1,116,331,734
Fredericton	50,535	4,866,745,536
Miramichi	18,129	1,241,303,503
Moncton	64,128	5,167,775,360
Saint John	68,043	5,048,713,797
Total Cities	**256,141**	**20,388,034,571**
Towns		
Beresford	4,264	181,317,097
Bouctouche	2,383	144,333,250
Caraquet	4,156	224,706,158
Dalhousie	3,676	326,217,486
Florenceville-Bristol	1,539	169,008,275
Grand Bay-Westfield	4,981	254,544,128
Grand-Falls / Grand-Sault	5,650	436,003,451
Hampton	4,004	222,827,146
Hartland	947	64,852,300
Lamèque	1,422	70,291,628
Nackawic	977	115,368,179
Oromocto	8,402	801,413,632
Quispamsis	15,239	1,003,627,400
Richibucto	1,290	84,234,626
Riverview	17,832	1,026,490,650
Rothesay	11,637	856,957,879

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Sackville	5,411	464,289,772
Saint Andrews	1,798	218,382,739
St. Léonard	1,352	58,238,837
Saint-Quentin	2,250	100,132,036
Shediac	5,497	374,324,841
Shippagan	2,754	177,894,138
St. George	1,309	103,427,877
St. Stephen	4,780	303,802,296
Sussex	4,241	305,457,387
Tracadie-Sheila	4,474	300,496,366
Woodstock	5,113	358,781,205
Total Towns	**127,378**	**8,747,420,779**
Villages		
Alma	301	20,614,180
Aroostook	346	8,370,700
Atholville	1,317	154,112,873
Baker Brook	525	22,205,118
Balmoral	1,706	58,192,857
Bas-Caraquet	1,471	47,168,300
Bath	512	21,600,250
Belledune	1,711	346,511,881
Bertrand	1,179	35,311,900
Blacks Harbour	952	57,139,111
Blackville	931	39,565,654
Cambridge-Narrows	717	54,942,350
Canterbury	360	11,094,494
Cap-Pelé	2,279	134,650,069
Centreville	523	31,550,569
Charlo	1,376	58,182,498
Chipman	1,291	62,789,233

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Clair	848	44,857,078
Doaktown	888	52,297,962
Dorchester	1,119	35,777,006
Drummond	839	41,218,050
Eel River Crossing	1,168	39,931,003
Fredericton Junction	715	31,001,065
Gagetown	719	46,190,652
Grand Manan	2,460	154,261,486
Grande-Anse	758	31,558,289
Harvey	352	14,572,108
Hillsborough	1,292	56,891,084
Kedgwick	1,146	39,731,649
Lac Baker	169	4,954,550
Le Goulet	908	17,077,800
Maisonnette	599	19,787,493
McAdam	1,404	40,079,114
Meductic	155	11,775,350
Memramcook	4,638	192,381,092
Millville	303	8,223,900
Minto	2,681	96,926,688
Néguac	1,623	81,547,766
New Maryland	4,248	273,684,550
Nigadoo	927	31,862,700
Norton	1,314	46,330,434
Paquetville	642	32,544,991
Perth-Andover	1,797	93,217,637
Petitcodiac	1,368	74,789,190
Petit Rocher	1,949	72,126,269
Plaster Rock	1,150	56,510,220
Pointe-Verte	971	26,818,300
Port Elgin	451	18,642,750

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Rexton	862	48,380,723
Riverside-Albert	320	12,721,550
Rivière-Verte	798	29,315,855
Rogersville	1,165	43,079,425
Saint-Antoine	1,546	72,778,105
Sainte-Marie-Saint-Raphaël	993	24,862,250
Saint-François de Madawaska	585	36,259,178
Saint-Léolin	733	15,599,083
Saint-Louis de Kent	960	40,447,245
Salisbury	2,036	114,302,584
St. Martins	231	21,007,300
Stanley	796	32,135,554
Sainte-Anne-de-Madawaska	1,073	33,782,485
St. Hilaire	386	16,784,827
Saint-Isidore	433	22,133,282
Sussex Corner	1,413	63,827,500
Tide Head	1,075	44,529,013
Tracy	619	20,084,761
Total Villages	**73,122**	**3,643,600,983**
Rural Communities		
Beaubassin-est	6,765	398,323,000
Saint-André	2,064	160,764,000
Upper Miramichi	2,414	83,600,465
Total Rural Communities	**11,243**	**642,687,465**
Local Service Districts		
Aberdeen	877	44,872,948
Acadieville	826	21,199,300
Addington	351	8,484,000
Aldouane	964	36,101,800

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Allardville	1,442	38,634,193
Alma	5	5,818,103
Alnwick	1,607	44,082,271
Andover	856	30,273,799
Anse-Bleue	381	12,120,400
Baie du Petit Pokemouche	195	4,199,150
Baie Ste. Anne	1,510	46,960,003
Baie-Verte Outside	387	13,606,950
Baker Brook	177	8,948,900
Balmoral-Maltais	72	4,453,550
Balmoral-St. Maure	136	3,706,900
Bathurst	3,017	159,312,300
Bayfield	41	1,320,705
Bayside	331	44,115,500
Beaver Harbour	302	11,743,546
Benoit	217	5,293,850
Benton	60	1,675,600
Beresford (Sud)	2,643	57,220,750
Big River	779	27,223,750
Black River-Hardwicke	1,079	43,770,900
Blackville	1,477	48,387,300
Blair Athol	58	1,126,200
Blanchard Settlement	437	12,084,650
Blissfield	560	17,528,641
Blissville	848	34,082,050
Botsford	626	37,169,080
Brantville	1,008	17,135,600
Bright	1,672	68,106,161
Brighton	1,706	46,266,850
Brunswick	242	30,409,750
Burton	5,019	254,968,392

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Cambridge	682	43,113,382
Campobello	1,056	102,281,738
Canning Douglas Harbour	950	92,732,750
Canterbury	555	38,898,400
Cap-Bateau	286	4,108,650
Cap-de-Richibucto	1,117	38,768,076
Cape Tormentine	143	4,413,049
Cardwell	1,479	121,133,350
Carleton	488	9,812,610
Chaleur (Inside and Outside)	834	36,816,846
Chamcook	592	47,542,450
Chatham	502	21,335,149
Chiasson-Savoy	518	13,555,150
Chipman	1,056	63,680,562
Clair	282	10,379,100
Clarendon	71	6,891,550
Cocagne	2,646	122,741,058
Coldstream	128	3,597,400
Collette	496	11,239,350
Coteau Road	471	9,369,500
Coverdale	4,144	200,104,766
Dalhousie	85	6,699,800
Dalhousie Junction	495	16,908,950
Debec Inside & Outside	1,044	22,397,073
Denmark	1,688	52,887,969
Dennis-Weston	1,192	46,230,550
Derby	750	28,704,323
Dorchester	460	16,494,582
Douglas	3,720	200,587,093
Drummond	2,265	119,605,300
Dufferin	535	32,879,750

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Dugas	72	1,766,250
Dumbarton	356	40,975,500
Dumfries	369	22,727,100
Dundas	1,470	59,514,100
Dundee	789	18,247,750
Dunlop	939	32,826,650
Eldon	366	14,619,850
Elgin Centre	233	6,755,334
Elgin Parish	740	33,899,250
Escuminac	215	10,860,712
Estey's Bridge	2,054	107,281,700
Évangeline	371	6,428,400
Fair Isle	1,149	21,673,750
Fairfield	269	10,389,700
Ferry Road-Russellville	348	17,431,150
Flatlands	169	4,892,450
Fundy Bay	1,375	50,839,000
Gauvreau and Petit-Tracadie	418	10,822,900
Gladstone	538	43,698,050
Glassville	82	1,062,700
Glencoe	201	5,673,450
Glenelg	960	29,468,750
Gordon	1,786	67,021,199
Grand Falls	1,188	49,124,398
Grand Saint-Antoine	494	17,729,550
Grand-Digue	2,295	156,602,477
Greenwich	1,043	44,376,878
Grimmer	1,036	44,184,450
Hammond	339	10,960,400
Hampstead	278	13,284,250
Hampton	2,724	131,066,150

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Hanwell	3,812	301,233,900
Harcourt	475	13,870,363
Hardwicke	39	4,114,663
Harvey	424	17,290,786
Haut-Lamèque	310	11,106,100
Haut-Rivière-du-Portage	612	16,554,350
Haut-Sheila	778	17,840,800
Haut-Shippagan	298	7,091,650
Havelock Outside	1,189	55,737,221
Hillsborough	1,473	53,479,100
Hopewell	798	26,461,750
Inkerman Centre	956	29,840,650
Inkerman South (Six Roads)	551	11,219,150
Johnston	684	31,982,832
Kars	424	26,809,200
Kent	2,222	81,908,550
Keswick Ridge	1,487	105,400,200
Kingsclear	2,877	162,596,600
Kingston Peninsula	2,888	154,198,542
Lac Baker	566	34,230,300
Lakeville	337	11,418,115
Landry Office	360	9,505,700
LaPlante	346	6,776,150
Leech	551	7,005,100
Lepreau	824	54,713,950
Lincoln	3,017	156,034,150
Lorne	703	10,879,400
Lorne	577	38,070,150
Madawaska	10	1,773,600
Madran	284	6,214,950
Maltempec	313	6,592,400

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Manners Sutton	1,863	85,216,350
Mann's Mountain	48	2,489,200
Maugerville	880	71,545,400
McAdam	80	5,364,529
McLeods	371	16,797,200
Menneval	62	1,445,650
Miscou Island	649	19,530,700
Moncton	8,768	479,081,800
Murray Corner	393	38,405,361
Musquash	1,235	379,718,338
Nelson	814	31,009,100
New Bandon	242	10,233,700
New Bandon-Salmon Beach	958	35,116,600
New Maryland-Howorth and Nasonworth	2,348	135,852,700
Newcastle	861	19,619,432
Noonan	835	52,946,050
North Esk	1,622	64,034,745
North Lake	300	36,632,515
North Tetagouche	955	33,381,300
Northampton	1,356	50,593,866
Northfield	729	40,112,750
Norton	1,209	47,794,481
Notre-Dame-de-Lourdes	284	7,690,450
Oak Point	255	12,924,222
Par. Notre-Dame-des-Érables	950	14,556,450
Paroisse de Caraquet	15	690,050
Paroisse de Paquetville	1,570	34,802,350
Paroisse de Sainte-Cécile	739	16,273,146
Paroisse de Saint-Isidore	1,412	36,469,550
Paroisse de Saumarez	310	25,552,950
Paroisse de Shippagan		3,523,450

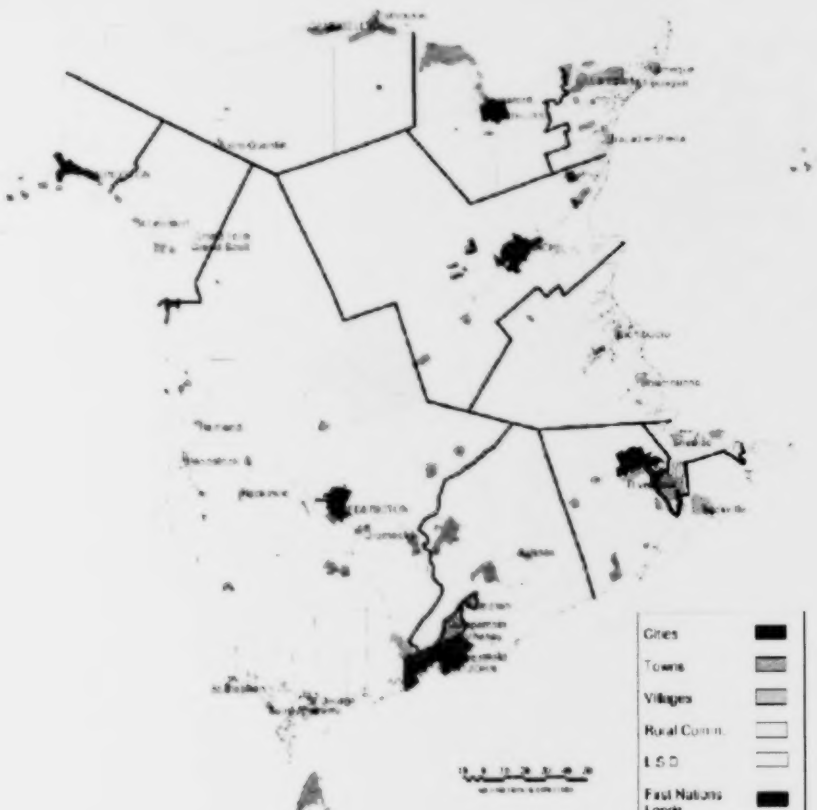
Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Peel	1,257	41,356,000
Pennfield	2,020	99,540,039
Perth	1,259	43,935,385
Petersville	498	25,703,611
Petite-Lamèque	420	10,221,900
Petit-Rocher-Nord	555	17,729,700
Petit-Rocher-Sud	225	12,579,600
Pigeon Hill	535	12,417,050
Point La Nim	298	10,397,998
Pointe de Bute	567	19,702,983
Pointe-à-Bouleau	191	4,760,900
Shippagan - Pointe-Alexandre	362	10,302,300
Pointe-Brûlé	232	8,007,900
Pointe-Canot	243	4,944,150
Pointe-du-Chêne	835	108,771,886
Pointe-Sapin	414	20,548,472
Pointe-Sauvage	112	1,580,900
Poirer	99	2,630,550
Pokemouche	515	37,802,305
Pokesudie Island	299	4,981,150
Pont-La France	760	15,260,800
Pont-Landry	1,211	38,514,300
Prince William	879	57,452,350
Queensbury	1,215	65,246,050
Renous-Quarryville	1,188	77,492,985
Richibucto	742	47,732,350
Richmond	370	27,698,975
Riley Brook	40	5,064,550
Rivière-à-la-Truite	396	12,654,350
Rivière-du-Portage-Tracadie Beach	775	22,215,700
Rivière-Verte	791	26,726,500

Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Robertville	843	26,751,426
Rogersville	751	19,819,600
Rothesay	350	13,389,200
Rusagonis-Waasis	2,747	147,738,200
Sackville	1,174	71,912,629
Saint Croix	339	8,898,550
Saint David	1,499	75,012,950
Saint George	1,101	88,191,600
Saint James	819	44,666,650
Saint Martins	1,198	44,162,788
Saint Mary's	4,224	198,655,497
Saint Patrick	721	50,554,919
Saint Stephen	348	6,168,400
Saint-Basile	799	21,909,050
Saint-Charles	1,129	29,720,050
Sainte-Anne	1,081	34,372,600
Sainte-Anne-de-Kent	1,113	60,186,466
Sainte-Marie	1,765	66,667,666
Sainte-Rose	829	20,482,000
Saint-François	754	41,045,200
Saint-Hilaire	531	17,471,650
Saint-Ignace	634	15,055,100
Saint-Irénée and Alderwood	845	16,533,200
Saint-Jacques	1,607	65,380,200
Saint-Joseph	1,696	52,829,350
Saint-Léonard	1,039	64,323,200
Saint-Louis	1,267	34,746,404
Saint-Paul	858	23,031,421
Saint-Pons	353	6,192,750
Saint-Quentin	1,468	76,505,369
Saint-Sauveur	709	15,415,450

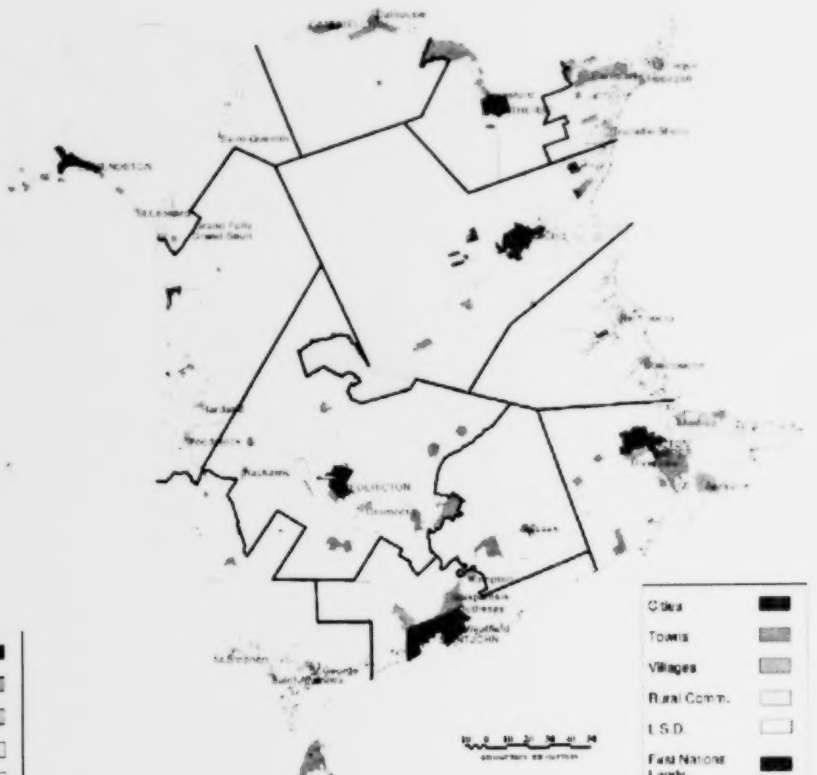
Municipality, Rural Community or Local Service District	Population 2006	2008 Tax Base
Saint-Simon	760	18,334,550
Salisbury	3,425	161,919,350
Saumarez	494	10,992,100
Scoudouc	1,095	67,606,050
Scoudouc Road	206	13,460,500
Shediac	466	23,012,800
Shediac Bridge-Shediac River	1,043	87,160,650
Shediac Cape	913	77,965,650
Sheffield	909	40,539,500
Simonds	3,490	130,202,310
Simonds	489	22,850,550
Somerville	307	12,299,100
South Esk	1,964	67,857,601
Southampton	1,601	50,949,850
Springfield	1,572	83,998,550
St. Arthur	743	22,413,150
St. Margarets	333	6,748,000
St. Martin de Restigouche	110	2,959,100
Stanley	971	39,064,050
St. Jean Baptiste de Restigouche	197	3,053,800
Studholm	3,526	146,304,300
Sunny Corner	858	42,110,031
Sussex	2,427	119,401,380
Tabusintac	868	33,756,743
Tremblay	466	10,340,600
Upham	1,267	41,844,000
Upper and Lower Northampton	243	20,159,550
Upper Gagetown	297	13,281,550
Upper Kent	139	3,185,600
Val D'Amours	1,906	43,071,300
Val-Comeau	804	17,825,100
Wakefield (Inside)	2,396	158,981,200
Waterborough	893	58,112,093
Waterford	505	18,650,735
Welford	1,426	53,183,917
Wellington	2,209	88,993,755
West Isles	824	48,890,247
Western Charlotte	1,104	45,050,600
Westfield	2,053	92,478,400
Westmorland	5	13,626,946
White Head Island	190	7,065,171
White's Brook	170	1,660,900
Wickham	460	28,867,971
Wicklow	1,753	67,929,609
Wilmot	806	36,963,450
Wirral-Enniskillen	260	7,269,800
Woodstock	2,088	85,955,850
Total Local Service Districts	**254,527**	**11,755,984,356**
Total Reserves	**7,586**	
Grand Total	**729,997**	**45,177,728,154**

* Figure does not reflect the recent annexation of a large portion of the LSD of Lac Baker to the village of Lac Baker.

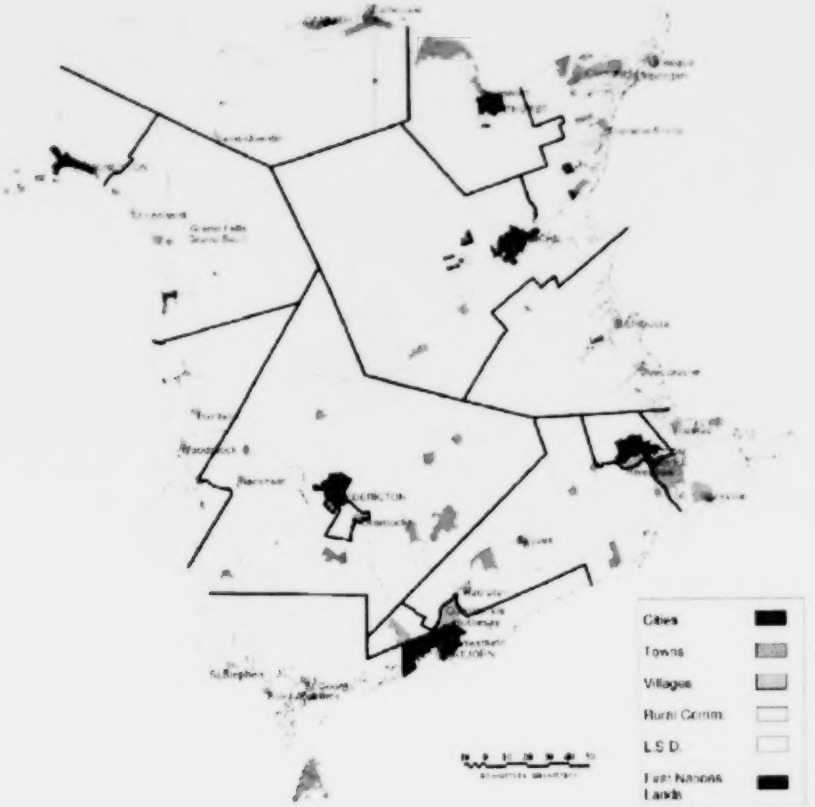
Appendix 3: Map of District Planning Commission Boundaries



Appendix 4: Map of Solid Waste Commission Boundaries



Appendix 5: Map of Community Economic Development Agencies



Outline

Chapter 5
Local Governance Maladjustment: The Case for Change

5.1 External Challenges 47
5.1.1 Population Change 47
5.1.2 Shifting Economy 51
5.1.3 Environmental Considerations 52
5.1.4 New and Evolving Service Standards 52
5.1.5 The Growing Infrastructure Deficit 53
5.2 Internal Challenges 53
5.2.1 Misalignment of Boundaries: Size, Capacity and Fragmentation 54
Limitations on participation and fiscal capacity 55
Fragmentation of communities and local governments 57
Duplication of services 58
Duplication of infrastructure 58
Lack of fair sharing for service costs 58
Lack of strategic allocation of provincial and federal funding 58
Unmanaged and uncoordinated development 58
Competition rather than cooperation 59
Furthering the urban-rural divide 59
5.2.2 No Elected Municipal Councils for 35% of the Population 59
5.2.3 Absence of a Consistent Regional Framework 61
5.2.4 An Unsatisfactory Provincial-Local Funding Mechanism 62
5.2.5 An Unbalanced Property Tax Regime 63
5.2.6 An Outdated Legislative Framework 64
In Summary 64
Appendices
Appendix 1: Population Growth and Decline among Municipalities, Rural Communities and Local Service Districts (1996-2006) 66

Chapter 5

Local Governance Maladjustment: The Case for Change

As we consider the future of local governance in this province, it is important that we understand the challenges confronting the system today. These challenges are identified and examined in this chapter and are organized under two categories. The first category includes an examination of those challenges that are "external" in that they are occurring independently, in relative terms, of our local governance system. These challenges relate primarily to population, economic and environmental trends. The second category of challenges is considered "internal" in that it relates more specifically to the organization of local governance itself.

5.1 External Challenges

5.1.1 Population Change

One of the first things to consider is the impact that population trends here in New Brunswick are having on the local government system. Overall, it is clear that population growth in New Brunswick has been quite limited. In fact, between 1971 and 2006, total population growth has been 15 per cent, which means an average provincial population growth rate of less than 0.5 per cent annually over a 35-year period. The following figure illustrates the overall changes, as well as the changes in population among municipalities, the rural communities and the local service districts (LSDs). As this figure indicates, the most significant growth that has occurred over the long term is in the "*Group D*" municipalities, which are basically the large-scale suburbs located immediately adjacent to the major cities.

Figure 1: Long Term Population Growth (1971 - 2006)

Municipalities	Number	Population		Variation
		1971	2006	1971 - 2006
Group A	3	178,936	182,706	2.1%
Group B	6	73,515	77,111	4.9%
Group C	10	43,701	50,478	15.5%
Group D	3	17,221	44,708	159.6%
Group E	36	56,503	65,320	15.6%
Group F	43	35,316	36,318	2.8%
Total	101	405,192	456,641	12.7%
Percent of Provincial Total		63.9%	62.6%	
Rural Communities	3	11,359	11,243	-1.0%
Percent of Provincial Total		1.8%	1.5%	
Local Service District (LSD)	267	214,625	254,527	18.6%
Perc[illegible] Provincial Total		33.8%	34.9%	
First Nations Reserves	20	3,381	7,586	124.4%
Percent of Provincial Total		0.5%	1.0%	
New Brunswick		634,557	729,997	15.0%

Source: Statistics Canada (1971 and 2006 Census).

Note:

The groupings of municipalities in this figure are used for the purposes of unconditional grant funding. Each group pulls together similar municipalities in terms of size, array of services provided, and role they play within their regions. These groupings are described as follows:

Group A: The three largest metropolitan centres, comprehensive range and level of municipal services, strong non-residential component to tax base, serve a large area beyond boundaries.

Group B: Smaller urban centres offering full range of services, mix of non-residential and residential property, serve as small regional service centres

Group C: Larger towns not situated in close proximity to urban centres, high demand for services, stronger residential component to tax base although a commercial base exists, community of interest extends beyond municipal boundaries

Group D: Large residential municipalities, close proximity to and relationship with larger metropolitan municipalities, employment largely in the metropolitan municipalities, lower demand for services

Group E: Small service centre to surrounding LSDs and sometimes other small municipalities, basic service needs available in community.

Group F: The smallest municipalities, with limited level of services offered to residents, small and sparsely populated over relatively large areas, often remote from any larger municipality and surrounded by large unincorporated areas.

More recently, census figures from Statistics Canada reveal that between 2001 and 2006, the population growth for the province was 0.1 per cent, as Figure 2 illustrates. In incorporated areas, the growth averaged 0.9 per cent among the six groupings of municipalities. The limited growth that did occur in municipalities was very concentrated in that it occurred in the group A, B and D municipalities, (i.e., in some of the cities and the larger towns). Even within these three groups, the growth tended to be concentrated in specific municipalities, while in others there were significant population declines.

As for LSDs, the last census period indicates an overall decline in population of 1.6 per cent. Any growth that did occur in unincorporated areas was, for the most part, found in suburban LSDs – that is, in areas immediately adjacent to the larger municipalities (from Groups A, B and C). For example the Kingsclear LSD, which is located beside Fredericton, grew by 32 per cent.

Figure 2: Recent Population Growth (2001 - 2006)

Municipalities	Number	Population		Variation
		2001	2006	2001 – 2006
Group A	3	178,267	182,706	2.5%
Group B	6	75,529	77,111	2.1%
Group C	10	51,087	50,478	-1.2%
Group D	3	42,272	44,708	5.8%
Group E	36	67,348	65,320	-3.0%
Group F	43	38,066	36,318	-4.6%
Total	**101**	**452,569**	**456,641**	**0.9%**
Percent of Provincial Total		62.0%	62.6%	
Rural Communities	**3**	**11,355**	**11,243**	**-1.0%**
Percent of Provincial Total		1.6%	1.5%	
Local Service Districts	**267**	**258,748**	**254,527**	**-1.6%**
Percent of Provincial Total		35.5%	34.9%	
First Nations Reserves	**20**	**6,826**	**7,586**	**11.1%**
Percent of Provincial Total		0.9%	1.0%	
New Brunswick		**729,498**	**729,997**	**0.1%**

Source: Statistics Canada (2001 and 2006 Census).

It is also interesting to consider population growth and decline if we compare municipalities in terms of their population sizes. As Figure 3 indicates, municipalities with population ranges of 10,000 to 19,999 (primarily large-scale suburbs) have seen the most substantive population growth between 2001 and 2006. Municipalities that have experienced the most significant population declines between 2001 and 2006 are those with populations of fewer than 2,000. Within each of these categories, some individual municipalities would see more pronounced population growth or decline. Appendix 1 of this chapter provides population growth and decline statistics for every municipality, LSD and rural community in the province.

Figure 3: Population by Municipality Size, 2001 and 2006

	Number	Population				Variation
		2001	% of total municipal population	2006	% of municipal total population	2001 - 2006
Less than 1,000	39	26,359	5.8%	25,051	5.5%	-5.0%
1,000 - 1,999	29	42,380	9.4%	40,363	8.8%	-4.8%
2,000 - 4,999	17	61,585	13.6%	60,305	13.2%	-2.1%
5,000 - 9,999	6	37,950	8.4%	37,457	8.2%	-1.3%
10,000 - 19,999	7	106,028	23.4%	110,759	24.3%	4.5%
50,000 and over	3	178,267	39.4%	182,706	40.0%	2.5%
	101	452,569		456,641		0.9%

Source: Statistics Canada (2001 and 2006 Census).

Another important dimension to population change is the extent to which the population is aging. Figures 4 and 5 provide us with a clear indication that New Brunswick's overall population is, in fact, aging. Between 1991 and 2006, the percentage of the population under 20 years of age declined from 28.8 per cent to 22.8 per cent. In the age group of 20 to 44, the percentage of the population declined from 40.3 per cent to 33 per cent. In the 45-to-64 age group, the percentage of the population increased from 18.6 per cent to 29.4 per cent. In the age group of 65+, there was an increase from 12.2 per cent to 14.7 per cent. These are clear indicators that the average age of the population is shifting.

While this overall trend for the province is a concern, it is also important to recognize that there are marked differences from region to region. In certain regions the aging trend is more pronounced and the implications more profound. For example, though the Westmorland-Albert region experienced a decline of about five per cent in the 20-to-44 age group, the Nepisiguit-Chaleur region saw a decline of 11.5 per cent. If one were to compare individual communities, the differences would be even more dramatic. Given the large jump in the age 45-to-64 grouping between 1991 and 2006, we can also reasonably expect that there will be a significant jump in the next 10 to 15 years in the 65+ age group.

Figure 4: Population Distribution by Age Group in 1991 (by Region)

	Regions	< 20	20 - 44	45 – 64	65 +
1	Nord-Ouest	30.4%	40.4%	17.9%	11.3%
2	Restigouche	28.5%	39.6%	20.1%	11.9%
3	Nepisiguit-Chaleur	29.7%	41.4%	19.0%	9.9%
4	Péninsule acadienne	30.1%	41.9%	17.3%	10.8%
5	Valley	30.4%	37.5%	17.9%	14.2%
6	Northumberland	30.6%	39.8%	17.9%	11.6%
7	Fredericton	28.0%	42.5%	18.8%	10.7%
8	Kent	29.2%	38.7%	19.1%	13.1%
9	South-West	28.0%	36.1%	19.5%	16.4%
10	Fundy	28.9%	40.3%	18.4%	12.4%
11	Kings	30.8%	37.1%	18.3%	13.8%
12	Westmorland-Albert	27.0%	40.7%	19.3%	13.0%
	Province	28.8%	40.3%	18.6%	12.2%

Source: Statistics Canada (1991 Census).

Figure 5: Population Distribution by Age Group in 2006 (by Region)

	Regions	< 20	20 - 44	45 – 64	65 +
1	Nord-Ouest	21.6%	31.6%	32.4%	14.3%
2	Restigouche	20.9%	28.6%	32.5%	18.0%
3	Nepisiguit-Chaleur	21.0%	30.0%	33.5%	15.5%
4	Péninsule acadienne	19.4%	32.0%	33.1%	15.4%
5	Valley	25.7%	30.9%	28.4%	15.0%
6	Northumberland	22.5%	31.3%	30.0%	16.1%
7	Fredericton	23.5%	36.4%	27.1%	13.0%
8	Kent	21.3%	29.9%	32.4%	16.5%
9	South-West	23.6%	30.7%	28.8%	16.8%
10	Fundy	24.3%	33.2%	28.5%	14.0%
11	Kings	25.4%	29.3%	29.5%	16.0%
12	Westmorland-Albert	22.0%	35.4%	28.2%	14.5%
	Province	22.8%	33.0%	29.4%	14.7%

Source: Statistics Canada (2006 Census).

So what do these population trends mean for local governance in New Brunswick? Clearly, there are significant implications. For many communities, declining populations could result in diminished financial capacity to provide local services. As populations decline, it often follows that property values do not increase or may actually fall, which in turn affects the revenue raising capacity of the local and provincial governments. With the population declining and aging, a greater percentage of residents find themselves on fixed incomes and so there is increasing pressure on councils and on the provincial government to maintain tax rates as low as possible. This further limits the ability of local governments to raise revenues through the traditional property taxation route.

Many municipalities as well as unincorporated communities currently have very limited options for raising revenue and have very little room to manoeuvre when it comes to maintaining current services at a cost considered acceptable by property tax payers, let alone initiating new programs or projects. Further erosion of revenue raising capacity, whether through population declines or various economic factors, will make the situation even more challenging for many municipalities to adequately serve their citizens.

It is important to emphasize that even though a population is stagnant or declining in a particular community, it does not necessarily diminish the need for the renewal and proper maintenance of core infrastructure (e.g., water and wastewater systems, roads). While the population may be declining, the number of properties (lands and buildings) remains more or less the same and so does the need to service these properties. The burden to fund infrastructure renewal and ongoing maintenance will fall on a population that is getting smaller and older.

Although we tend to associate these population declines and subsequent financial pressures with some of the smaller communities, several towns and cities in the province are experiencing a similar situation. In fact, five of the eight cities in the province experienced population declines between 2001 and 2006. With such shifts occurring, it is important that we consider not only the long-term viability of our smallest local governments and communities, but also the continued sustainability of our towns and cities.

Population changes also affect public engagement in local activities. As populations shrink and get older, so does the pool of volunteers to seek

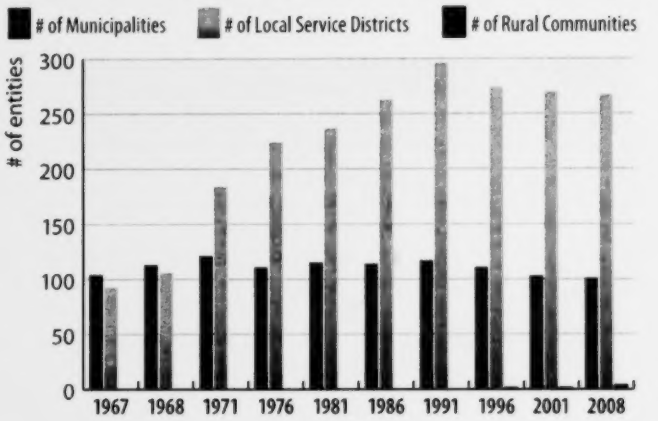
election and serve on local councils and advisory committees, to serve on volunteer fire brigades, to assist with various recreation programs, to participate in fundraising activities and to serve on various local and regional boards and commissions. In many communities, citizens often feel the pressure to take on more than one volunteer role. For those communities that rely heavily on a base of volunteers, a declining and aging population should be of particular concern.

Population shifts can also have the effect of placing more service and cost pressures on those municipalities that serve as the economic centre for regions. In New Brunswick, the small population increases that we have seen have been occurring largely in suburban municipalities or LSDs that are contiguous or in very close proximity to the major urban centres. By default, the larger local governments find themselves in a situation where they provide local services to a population that is increasing, but that does not necessarily reside within their boundaries. Part of the reason that tax rates increase in these larger centres is because population growth is occurring outside their boundaries. Ironically, suburban municipalities and LSDs are able to keep their tax rates low partly because of the services already available in the larger centres. These lower tax rates then have the effect of drawing people to their communities and away from the areas served by larger local governments, thereby accentuating the problem. This phenomenon of growth on the periphery of larger municipalities is not new; it has been documented in various reports including the **Task Force on Non-Incorporated Areas in New Brunswick** (1976), the **Commission on Land Use and the Rural Environment** (1993) and the **Minister's Roundtable on Local Governance** (2001).

Shifts in population will also impact the nature of services delivered. As populations in some communities age, service requirements will also change. For example, recreation programs and facilities may need to be adjusted, transit systems may have to be improved or made more accessible, and land use plans may have to be adjusted to better reflect evolving housing needs.

While the population changes identified in this report have not occurred over night and reflect only one piece of the New Brunswick landscape, they must be seriously considered as we examine the future of the local governance system for this province. Structural changes without due consideration to what is happening to our population will not serve the province and its residents very well in coming years. It is worth noting that despite the population shifts that have occurred over time – primarily to cities and suburban areas and away from the small more rural communities (incorporated and unincorporated), no substantive changes in terms of the number of local government units has occurred. As we see from the following figure, the structure and organization of local government has remained much the same over the past 40 years, with the exception of a few annexations and amalgamations. Major population concentration has not led to less local government units.

Figure 6: Number of Local Government Entities (1967-2008)



In essence, the organization of local government in this province has not kept pace with the population shifts that have occurred and that are expected to continue in the coming years. We are of the opinion that continuing population declines and shifts (aging populations and movement away from small rural communities to cities and suburban areas) are having notable impacts on existing municipalities. The challenges presented to us by these demographic shifts are one of the compelling reasons why we need to rethink the organization of our local government system in a way that will be beneficial for urban, suburban and rural areas and in a way that recognizes the linkages that exist between them.

5.1.2 Shifting Economy

While population shifts and economic pressures often go hand in hand, it is nonetheless important to reflect briefly on how our

economy has changed and the impact it is having on local governments. Change in an economy at the local level can have profound effects on communities and local governments. In some parts of the country we have witnessed communities (and their local governments) literally shutting down as a result of economic changes and subsequent population declines. While we have not seen this happen in New Brunswick, the recent mill closures in Miramichi and Dalhousie, the near closure of the mill in Nackawic, as well as the closure of various forestry-related operations in other communities are developments that should not be ignored as we contemplate the long-term viability of local governments and the communities they serve (from both a financial and community engagement perspective). It is also important to consider that economic changes such as those noted above not only impact the community (and local government) in which they are located but also have implications for neighbouring communities and their local governments. Such upheaval in our local and regional economies illustrate that we are indeed now more vulnerable to the world economy.

Though there may be some turnaround in the forestry industry at some point, it is evident that New Brunswick's economy has changed in a major way. A gradual shift has occurred, as seen in other parts of the country, from a rural resource-based economy (forestry, fisheries, mining and agriculture) to one that places more emphasis on the service and knowledge-based industries driven by the more urbanized areas.

If local governments are to have a substantial role in shaping the future of their communities, regions and the province as a whole, they must be organized in a way that will allow them to serve their citizens in an effective, sustainable and cost-efficient manner. This is important for both rural and urban areas of the province. In other words, local governments need to be positioned so that they can withstand and effectively deal with local economic difficulties such as those seen in recent years. While it is recognized that local governments cannot be completely insulated from economic shifts, there is a need to consider how they can be organized to better absorb the financial impacts of such changes and more effectively promote economic development in their communities.

5.1.3 Environmental Considerations

Incorporated and unincorporated communities are also being challenged by emerging environmental issues that will have substantial implications. For example, as the effects of climate change continue to make their presence felt, securing of adequate and safe water supplies will inevitably become more of an issue that will require innovation, enhanced cooperation among communities, as well as substantial and strategic investment. Future construction of subdivisions will have to be far more sensitive to such considerations as location and density of development. Moreover, many communities in New Brunswick have all or a portion of their residents relying on individual wells or septic systems, or both. Over time, it is inevitable that there will be a need to retrofit communities with communal systems that will provide for more reliable, safe and sustainable water supplies and wastewater treatment.

Local governments will have to think more and more about energy conservation not only for financial reasons but to contribute to the overall efforts to reduce greenhouse gas emissions. This may mean changes to transit systems, including investment in low emission vehicles, increasing opportunities for alternative transportation systems (e.g., walking and biking trails), placing greater emphasis on land conservation (e.g., higher density development and more lands for public purposes), and securing and protecting green spaces.

5.1.4 New and Evolving Service Standards

New and more stringent standards for various services are also having an impact. New standards for water systems (e.g., the requirements to have trained and certified water systems operators, stronger testing and sampling regimes, new compliance regimes) and for waste treatment systems (e.g., more stringent requirements with respect to sampling requirements) are examples of such standards that have significant capacity, infrastructure and cost implications for local governments and for the province in those instances where it owns and administers systems on behalf of communities in the unincorporated regions. Requirements for the disposal of solid waste are also evolving and these can have financial consequences (e.g., greater emphasis on the diversion of organic materials into composting processes). In the area of public safety, there are new standards continually emerging for fire and police protection services, both in terms of training and equipment requirements. It is those small municipalities with limited financial capacity that are experiencing and will continue to feel the most impact, in relative terms, from these changing standards.

5.1.5 The Growing Infrastructure Deficit

One of the key factors that will drive the future development of this province is the attention that is paid to the quality and extent of infrastructure in communities. Currently, as in other provinces, there is a significant and growing infrastructure deficit that will require serious and dedicated attention in the coming years. Although programs such as the Municipal Rural Infrastructure Fund and the Canada-New Brunswick Agreement regarding the transfer of gas tax revenues have been helpful in beginning to address the infrastructure deficit, far more commitment and financial investment must occur in this area. The following figure depicts the scale of infrastructure investment required, based on a survey of 88 municipalities in 2005. Essentially, we see a deficit (need) of more than $2 billion just for municipalities. Factoring for inflation, it is conceivable that this figure would now be at approximately $2.5 billion.

Figure 7: Estimated Municipal Infrastructure Deficit in New Brunswick

Capital Infrastructure Needs	Timeline (over next 5 or 10 years)	Projected Cost of Project ($)
* Municipal Water	10	731,831,833
* Municipal Wastewater	10	486,437,319
* Municipal Public Transit	10	59,598,000
* Municipal Roads and Bridges	10	392,448,827
* Municipal Solid Waste	10	59,462,985
* Municipal Community Energy Systems	10	44,446,200
* Municipal Capacity Building	10	76,536,000
* Municipal Recreation	5	92,839,151
** Municipal Tourism	5	1,513,662
** Municipal Culture	5	1,079,259
Total	-------	**$2,035,989,251**

Note:
* Based on a survey carried out in 2005 by the three municipal associations. There were 88 municipalities that participated in the survey.
** The above numbers are based on applications under the Municipal Rural Infrastructure Fund.

In terms of the unincorporated areas, the following figure depicts capital infrastructure needs relating to water and wastewater systems and solid waste management.

Figure 8: Estimated Infrastructure Deficit for Unincorporated Areas in New Brunswick

Capital Infrastructure Needs*	Timeline (over next 5 or 10 years)	Projected Cost of Project ($)
Unincorporated areas – Water	10	66,200,000
Unincorporated areas – Wastewater	10	64,563,333
Unincorporated areas – Solid Waste	10	500,000
Total	------	**$131,263,333**

Source: Department of Local Government

Though local governments will clearly have to pay significant attention to the infrastructure question, it is our view that the provincial government, regardless of what federal funding programs may be offered, must make a long-term financial commitment to address this matter.

5.2 Internal Challenges

Several issues and challenges have been described in the previous pages that could be considered as "external" in that they are occurring independently of the local governance structures, yet are having some significant effects on municipalities, rural communities and LSDs. There are also significant issues that, it can be argued, are "internal" and have emerged as a result of how the current local governance system itself is organized both structurally and financially. In essence, there are several characteristics of the present local governance system that are impacting its effectiveness as well as its prospects for long-term viability and stability. For the purposes of this report, these characteristics can be categorized as follows:

- Misalignment of boundaries: size, capacity and fragmentation;
- No elected municipal councils for 35 per cent of the province's population;
- Absence of a consistent regional service delivery framework;
- An unbalanced property tax regime;
- An unsatisfactory provincial-local funding transfer mechanism; and
- An outdated legislative framework.

5.2.1 Misalignment of Boundaries: Size, Capacity and Fragmentation

As was noted in Chapter 4, there are currently 101 municipalities, three rural communities and 267 LSDs (as well as approximately 50 taxing authorities within LSDs) in New Brunswick serving a population of 722,411. This means that for every local governance unit (not including the taxing authorities), a population of 1,947 is served. By way of comparison, Nova Scotia's 55 municipal units serve a population of 913,000 with an average of 16,600 per unit (and these 55 incorporated municipal units cover the entire geographical territory of the province). Examining this more closely, we see that there are 308 administrative units that have populations of fewer than 2,000 serving a total population of 236,495, which means an average of one unit for every 768 residents. Conversely, there are 63 administrative units with populations of 2,000 or more serving a total population of 485,916 which translates to an average of one unit for every 7,713 residents.

The following figure provides a picture of the local administrative units in the province (municipalities, rural communities and LSDs) and corresponding populations served.

Figure 9: Local Governance Units and Corresponding Populations

	Local Service Districts (LSDs)		Municipalities		Rural Communities		Local Service Districts (LSDs) Rural Communities and Municipalities Combined		
Pop. (x 1,000)	Number of local entities	Combined Population	No. of local entities	Combined Population	No. of local entities	Pop.	No. of local entities	Combined Population	Percent of NB Pop.
Less than 0.5	101	27,033	12	3,807			113	30,840	4%
0.5 – 1	75	56,846	27	21,244			102	78,090	11%
1-2	64	87,202	29	40,363			93	127,565	17%
2-5	25	69,659	17	60,305	2	4,478	44	134.442	18%
5-10	2	13,787	6	37,457	1	6,765	9	58,009	8%
10-20			7	110,759			7	110,759	15%
Greater than 20			3	182,706			3	182,706	25%
Total	**267**	**254,527**	**101**	**456,641**	**3**	**11,243**	**371**	**722,411**	**99%**

Note:
*Based on 2006 data from Statistics Canada (includes the newly created Rural Community of Upper Miramichi and the newly formed town of Florenceville-Bristol.)

While it is acknowledged that our province has a different history and has experienced different challenges over the years in comparison to other provinces, it is nonetheless important to consider whether the large number of local governments as well as unincorporated (LSD) units are allowing for the most efficient and effective provision of local services. Moreover, we should also be asking ourselves if the current organization is really optimal for the sustainable development of our communities. In its written submission to the Commissioner, the **Union of Municipalities of New Brunswick (UMNB)** indicated the following:

> *"102 municipalities; 268 LSDs; two rural communities; more than 300 taxing authorities; numerous boards, commissions and agencies, 55 provincial districts each with an MLA (many of whom perform functions of a local politician) – all for a population of 730,000. This speaks volumes for the issue of governance and the need for the provincial government to seriously address this issue"* (2007, p.2).

The **Association francophone des municipalités du Nouveau-Brunswick** further emphasized the need for change to the Commissioner as follows:

"Près de 75 des 104 municipalités et communautés rurales de la province comptent moins de 2500 habitants et seules 38 municipalités (incluant 2 communautés rurales) ont une assiette fiscale d'au moins 100 million $. Nombre des municipalités de ce premier groupe arrivent difficilement à assumer leurs responsabilités de base. Celles confrontées à un contexte de décroissance démographique et économique sont littéralement dans une situation de survie... Les regroupements DSL-municipalités et les approches des municipalités régionales doivent être favorisées et appuyées dans toutes mesures possibles. Si certaines des barrières au renforcement de la gouvernance locale sont éliminées et plutôt inversées, notre expérience nous porte à croire que plusieurs regroupements sont possibles sur une base volontaire au cours des prochaines années. Des mesures incitatives doivent être explorées" (2007, p.4) .

Two particular issues emerge as we consider these developments in more depth:

- For many municipalities and LSDs, there are significant limitations on participation and on fiscal capacity; and
- Administrative boundaries (municipal and LSD) do not necessarily align with communities of interest, thus resulting in substantial fragmentation.

Limitations on participation and fiscal capacity

The relative size of a community can affect levels of civic engagement and directly impact on fiscal capacity (the ability to raise revenues through property taxation or user fees to pay for services). In terms of civic engagement, many smaller municipalities (populations of 2,000 or less) have consistently experienced difficulties fielding enough candidates to have an election. Entire councils are often elected by way of acclamation. For example, in 2004, 25 of the 70 councils representing municipalities with populations of less than 2,000 were elected entirely by way of acclamation. In comparison, two of the 33 councils representing municipalities with populations of more than 2000 were elected entirely by acclamation. In 2008, 18 of 69 councils representing municipalities with populations of fewer than 2,000 were elected entirely by way of acclamation. In comparison, one of the 33 councils representing municipalities with populations of more than 2,000 was elected entirely by acclamation. Furthermore, there were many municipalities where mayors were elected by acclamation. The following figure presents a more detailed portrait of acclamations for the past four municipal elections. It should also be noted that of the 267 LSDs, only 158 have an advisory committee, a fact that can be partly attributed to the small size of many of the LSDs.

Figure 10: Acclamations by Size of Municipality

		Election Year 1998	Election Year 2001	Election Year 2004	Election Year 2008
Population					
Less than 500	Mayor	6 of 14	9 of 14	8 of 14	10 of 12
	Councillors	17 of 56	24 of 44	21 of 44	18 of 40
	Council	4 entire councils + 1 all but mayor	8 entire councils	7 entire councils	6 entire councils
500 to 999	Mayor	10 of 25	14 of 25	14 of 25	14 of 23
	Councillors	18 of 128	19 of 102	49 of 102	40 of 92
	Council	3 entire councils + 2 all but mayor	5 entire councils + 2 all but mayor	10 entire councils + 2 all but mayor	8 entire councils + 2 all but mayor
1000 to 1999	Mayor	21 of 31	21 of 31	18 of 31	16 of 34
	Councillors	44 of 190	35 of 161	43 of 161	28 of 167
	Councils	6 entire councils + 3 all but mayor	5 entire councils + 2 all but mayor	8 entire councils + 1 all but mayor	4 entire councils + 3 all but mayor
2000 to 4999	Mayor	6 of 17	6 of 17	7 of 17	8 of 19
	Councillors	18 of 118	9 of 101	19 of 99	15 of 109
	Councils	2 entire councils	--	2 entire councils	1 entire council
5000 to 20,000	Mayor	2 of 13	0 of 13	4 of 13	--
	Councillors	0 of 102	12 of 90	10 of 91	5 of 95
	Councils	--	--	--	--
More than 20,000	Mayor	0 of 3	1 of 3	0 of 3	0 of 3
	Councillors	2 of 35	10 of 32	6 of 32	4 of 32
	Councils	--	--	--	--

Source: Elections New Brunswick

Small populations pose challenges beyond participation on councils and advisory committees. Inevitably, pressures arise in trying to find volunteers for such critical services as fire prevention and suppression.

The combined trends in some communities of declining and aging populations only compound this problem.

In most instances, communities with small populations also have to deal with limited financial capacity. Many communities (municipalities and LSDs) have very limited tax bases and as such, coping with evolving servicing standards (e.g., for policing and fire services), infrastructure renewal (e.g., road and sidewalk upgrades) and the replacement of equipment (e.g., a new fire truck) as well as the development and effective enforcement of by-laws, and hiring professional staff with appropriate technical training, are very real and significant challenges. Even ongoing service requirements such as basic road maintenance work or delivering a recreation program can pose financial difficulties for some municipalities.

There are many municipalities and LSDs with relatively small tax bases that, as a result, face substantial limitations in terms of their revenue-raising capacities. By way of example, in a municipality with a tax base of $20 million, a $20,000 expenditure increase requires a $0.10 per $100 of assessment increase in the local property tax rate. In comparison, a municipality with a tax base of $200 million can absorb an additional expenditure of $20,000 through an increase of $0.01 per $100 of assessment. As Figure 11 shows, of the 101 municipalities only one-quarter of them can raise more than $20,000 with a one-cent-or-less increase in their tax rate. The remaining 76 municipalities would need to raise their local rate by one to 20 cents to raise an extra $20,000.

Figure 11: Relative Tax Base Limitations (Municipal)

Tax base range (in $ millions)	Number of Municipalities or Rural Communities
Less than 10	3
10 to 20	9
20 to 50	32
50 to 100	20
100 to 200	12
200 to 500	15
500 to 1000	4
Greater than 1000 (1 billion)	9

Flexibility in raising revenues through property taxes is even more constrained in LSDs where 90 per cent of these administrative units would need to increase their local rates by as much as 10 cents to raise just $10,000 as Figure 12 illustrates.

Figure 12: Relative Tax Base Limitations LSDs

Tax Base Range (in $ Millions)	Number of Local Service Districts
Less than 10	52
10 to 20	61
20 to 50	84
50 to 100	43
100 to 200	21
200 to 500	6
500 to 1000	0
More than 1000 (1 billion)	0

As a result of their limited financial capacity, some municipalities also find themselves in a position where they are unable to take full advantage of provincial / federal programs requiring cost-sharing. This places these municipalities at a further disadvantage in terms of being able to respond to the needs of their citizens and to further the development of their communities.

The fact that there is very little room to manoeuvre when it comes to establishing and managing a budget may also be a contributing factor to the high number of acclamations we see in the smaller municipalities. Interest in participating in local politics may be affected where there is little or no opportunity to finance new and innovative projects and where there is even difficulty meeting regular local service needs.

Limitations on financial capacity will also affect administrative and technical capabilities of individual local governments. In many cases, budgets in small municipalities are so constrained that hiring additional or specialized staff is difficult, given the potential impact on the local tax rate. These limitations leave municipalities with challenging situations when faced with matters requiring some legal expertise (e.g., general by-law enforcement and related court proceedings, or adherence to procurement processes required by the *Public Purchasing Act*) or ensuring services are delivered according

to required standards (e.g., proper operation of water and wastewater systems by qualified operators). In many instances, clerks or administrators of municipalities take on several roles, some of which require specialized training and knowledge.

The lack of capacity in both financial and human resource terms can affect the ability of local governments to manage risk properly. If equipment is not being properly maintained or replaced when necessary (according to standards), or if qualified personnel are not hired to manage, maintain and monitor core infrastructure (e.g., roads, water and wastewater systems) properly, a local government can open itself up to major liabilities. In essence, limited financial capacity can limit a local government's ability to properly manage risk.

Fragmentation of communities and local governments

The large number of administrative units (municipalities, LSDs and rural communities) in relatively confined areas has led to a mismatch of administrative boundaries with communities of interest. In fact, it does appear that many local administrative boundaries have become largely artificial if one considers the movement and linkage of our populations and where settlements have occurred.

The relationships between urban and suburban areas are illustrated in the following figure where we see the differences in daytime versus night time populations. Essentially, this figure shows us where populations migrate for work. It also shows us at one level that the administrative boundaries that have been established over time for the purposes of the local governance system do not really reflect populations' common interests and the linkages between our people. It is also interesting to note that Miramichi and Edmundston have two of the lowest increases in daytime population. This can be explained by the restructuring that took place in 1995 and 1998 respectively, where larger local governments were established, thus better reflecting the community of interest in the area. The City of Dieppe is the one anomaly in this figure. This can be explained by its immediate proximity to Moncton, where many would find employment in a variety of sectors. (Note that Dieppe itself still has a large number of workers coming from outside its boundaries to work in the municipality.)

While not always apparent, there are several unintended consequences that can be attributed, in whole or in part, to the current alignment of administrative boundaries and the fragmentation that has occurred over time. These consequences are summarized below.

Figure 13: Cities' Daytime versus Night time Population

Daytime and Night Time Population in NB Cities									
City	Night Time Population	Workers from Outside	Workers from the City	Working Elsewhere	Total	Extra Daytime Population	Percentage Increase	Working Population	At Home Population
Bathurst	12,714	4,735	3,515	1,490	**15,959**	3,245	25.52%	8,250	7,709
Campbellton	7,384	3,020	1,750	1,200	**9,204**	1,820	24.65%	4,770	4,434
Dieppe	18,565	6,445	2,735	7,005	**18,005**	-560	-3.02%	9,180	8,825
Edmundston	16,643	2,520	6,035	915	**18,248**	1,605	9.64%	8,555	9,693
Fredericton	50,535	17,900	21,260	2,550	**65,885**	15,350	30.37%	39,160	26,725
Miramichi	18,129	4,070	6,220	840	**21,359**	3,230	17.82%	10,290	11,069
Moncton	64,128	24,760	22,760	6,970	**81,918**	17,790	27.74%	47,520	34,398
Saint John	68,043	18,550	26,570	1,440	**85,153**	17,110	25.15%	45,120	40,033
Total	**256,141**	**82,000**	**90,845**	**22,410**	**315,731**	**59,590**	**23.26%**	**172,845**	**142,886**

Source: Statistics Canada (2006 Census)

Duplication of services

There are numerous examples around the province where services have been duplicated by two or more local governments or LSDs, where in fact it would have made more sense in economic terms, to have an integrated service cost shared by those same units. By way of example, in discussions we had with various groups during the past year, the point was made several times that there is a need to consider, in one way or another, some rationalization of fire prevention and suppression services. In fact, there are currently more than 170 individual fire brigades in the province. It is our view that there must be opportunities for some rationalization, integration and service improvement not only in the area of fire protection but in many other municipal service areas. It seems that service-sharing options, particularly between local governments, are not given the attention they deserve and this lack of attention has been driven by the administrative boundaries that have been established to reflect conditions of another era.

Duplication of infrastructure

Closely tied to service duplication is the fact that costly infrastructure has been replicated in contiguous communities. While it is acknowledged that in some cases, there is a need for separate water and wastewater systems (because of changing geography or significant distances between communities), opportunities for integrated and more cost effective systems have been missed and can largely be attributed to the existence of administrative boundaries that do not reflect present and evolving communities of interest. Currently, there is little incentive for local governments to coordinate their efforts when it comes to planning for or integrating some of their core infrastructure, or both. This lack of planning and integration is best illustrated by the development of sports and recreation facilities. In fact, some of these facilities have had to close down because they are simply too expensive to repair or operate, or both, by one local government. In addition, some municipalities have been actively pursuing the construction of their own new facilities without due consideration to what could be done in partnership with neighbouring communities.

Lack of fair sharing for service costs

One of the most contentious and time-consuming issues that has arisen in recent years has been the sharing of costs of services provided by one local government that benefit a population extending beyond its boundaries. Of particular interest are the recent debates relating to cost-sharing for sport and recreation facilities. It is clear that many municipalities provide services that benefit populations outside their boundaries. In large part, the difficulties experienced in enabling cost-sharing can be linked to the fact that there is fragmentation in the system (i.e., too many local units) and that there is really a mismatch between the administrative boundaries of local governments and the catchment or benefiting areas for providing services.

Lack of strategic allocation of provincial and federal funding

With so many local units to contend with, it is difficult to allocate funding from provincial and federal programs in a consistent and coherent manner that fosters effective use of resources, as well as coordinated development among communities. One has to question whether the long-term effectiveness of funding programs (e.g., through the Gas Tax Agreement, through the Municipal Rural Infrastructure Fund, and other programs) is being diluted because there are so many local entities vying for a limited amount of funding. As the province moves toward its stated objective of self-sufficiency, strategic investments that maximize benefit to as wide a population as possible will become increasingly important. A better alignment of local boundaries should help in setting priorities and making better and more effective use of limited federal and provincial dollars.

Unmanaged and uncoordinated development

It can also be argued that the unmanaged and uncoordinated development that has occurred in this province, which has been documented and referred to in several reports including the **Report of the Task Force on Non-incorporated Areas in New Brunswick** (1976), the **Commission on Land Use and the Rural Environment** (1992), the **Minister's Roundtable on Local Governance** (2001) and the **Select Committee on Local Governance and Regional Collaboration** (2003) -- can be partly attributed to the organization of the local governance system. In many cases, development has occurred on the immediate fringe of municipalities. It has evolved in an ad hoc and unplanned manner, with little regard for long term service needs, cost implications and potential environmental impacts (e.g., water availability and the eventual need of water and wastewater systems, for new roads and associated maintenance, new schools). It is our view that the fragmentation of our local governance structures and the mismatch of administrative boundaries with actual communities of interest has been a significant factor in the sprawl and linear development that has occurred in this province.

Competition rather than cooperation

Our large number of administrative entities has the effect of creating an atmosphere of competition rather than cooperation. This competition occurs on several fronts. It may be competition to keep a tax rate lower than other neighbouring municipalities; it may mean competing with neighbouring communities to secure provincial or federal funding; or it may mean competing for a new economic development opportunity. While there will always be competition between communities, it is our view that the current alignment of administrative boundaries is not allowing local governments and local service districts to maximize their strengths, to make effective use of competitive advantages on a provincial, national and international scale, and to examine new and innovative ways to cooperate in the provision of local services. The **UMNB** has expressed concern that the creation of more local governments (e.g., the new rural community in its current form) will be detrimental to existing municipalities in the long term. Specifically, the **UMNB** noted in its submission to the Commissioner that *"...the creation of enhanced rural communities will create more competition for federal and provincial funding programs, create more competition for development and undermine tax base and population growth in existing communities"* (2007, p.4).

Furthering the urban-rural divide

Current administrative boundaries have also contributed to furthering of the urban-rural divide. Being incorporated (municipality) versus unincorporated (LSD) has mistakenly been presented as a question of being urban or rural. In truth, there are many parts of New Brunswick that are unincorporated, yet are very suburban (and almost urban) in nature. There are also many municipalities that are indeed serving truly rural areas. Moreover, current boundary alignments do not reflect today's reality in terms of the interactions and linkages of our residents, whether they find themselves in an unincorporated suburb of a city or an incorporated village that serves a rural area.

5.2.2 No Elected Municipal Councils for 35% of the Population

One of the most studied features of the local government system in this province has been that a large portion of the population (35 per cent) is not represented at the local level by an elected municipal council. Though about two-thirds of LSDs have advisory committees, these committees only have, as the name implies, an advisory role. They do not have decision-making authority that can be exercised on behalf of their community. They only have the power to advise the Minister of Local Government regarding local services being provided in the LSD. Several problems have been documented over time with this lack of formalized local government for the unincorporated areas.

In 1976, only 10 years after the elimination of county councils, the **Report of the Task Force on Non-Incorporated Areas in New Brunswick** summarized its thoughts regarding the lack of local decision-making in the unincorporated areas of the province as follows:

> *"...it appears that the local service district organization does not provide for effective participation of the residents in the affairs of their communities. The structure does not provide for a form of local council, with authority and responsibilities to which the residents can turn for assistance, or to which they can make meaningful inputs into the formulation of policy and programs which directly affect them"* (1976, pp. 31-32).

Both the **Minister's Round table on Local Governance** (2001) and the **Select Committee on Local Governance and Regional Collaboration** (2003) expressed similar views regarding the situation of local governance in LSDs.

We must also recognize that there were several views expressed to the **Select Committee on Local Governance and Regional Collaboration** that supported maintaining the status quo. In essence, there were some groups and individuals that felt the current LSD system is cost-effective, that it works well for rural areas and that introducing structures that are municipal in nature would add another costly layer of bureaucracy. In our direct discussions with LSD representatives, there appeared to be frustration with the lack of influence and decision-making authority accorded to the advisory committees; however, at the same time, there was a real hesitancy to accept the notion of full-fledged local governance.

It is our view that two critical issues emerge from the fact that a large portion of the population and geographic area of the province remains without elected municipal councils. Those two issues are the absence of formal local community representation and the lack of land use planning.

More specifically, the first issue is that LSDs do not have a formally elected body that can represent their interests and make decisions on their behalf. For example, district planning commission representatives have indicated that the process of developing a land use plan for an unincorporated area is difficult because there is no particular body that can serve as the link back to, or make decisions on behalf of, the community. The fact that representatives on solid waste commissions and district planning commissions are appointed by the provincial government does not really provide residents with a voice that is directly accountable to their communities. Moreover, advisory committee members have little input when it comes to such matters as infrastructure development or renewal (e.g., for small water and wastewater systems) as it is the provincial government that sets the priorities locally in unincorporated areas and decides what is to be funded.

LSD advisory committees do not have final decision-making authority regarding service delivery within their communities. Though votes at public meetings are held to determine whether or not to establish or participate in a service (e.g., for street lighting or recreation services), the final decision rests with the provincial Cabinet and is effected through a change in a provincial regulation. In the case of road maintenance and policing, advisory committees have virtually no say in the scope and level of service provided.

The absence of formal elected community representation also fosters individualized and fragmented decision-making within LSDs. As such, the current public meeting process used in LSDs, while seemingly very democratic, undermines collective approaches to development and decision-making within communities. The recent back and forth decisions being made through the public meeting process in the LSDs around Fredericton regarding access to recreation facilities and user fees vividly illustrates this divisive and fragmented decision-making.

The second issue connected to this "gap" in local governance is that there has been and continues to be a lack of land use planning in unincorporated areas. The **Report of the Task Force on Non-Incorporated Areas in New Brunswick** (1976) made the connection between planning and governance and pointed out that the absence of a local government structure was resulting in a lack of successful planning in the unincorporated areas, as follows:

> *Urban sprawl is defined as the development taking place at the fringe of the existing municipalities. Those living on the fringe of a municipality are normally former residents of the municipality or people of the rural areas working in the municipality. The reasons for this movement to the fringes are mainly the desire to adopt a "rural life style," the difference in tax rates and in property values. The population living on the "fringe" in practice can be considered as residents of the municipality; most of them work in the municipality and are enjoying most of the services provided by the municipality without paying the municipal property taxes. In reality the development of the fringes erodes the tax bases of the municipalities. In addition, there are other problems related to this form of development; as more development is taking place, often due to lack of effective and safe sewage and water systems, there must be upgrading, resulting in additional cost to the homeowners.*
>
> *Moreover, as growth occurs, more and more urban types of services are demanded by the residents and finally the area has to be amalgamated with the municipality. Due to the distance from the core of the municipality, and the lack of proper planning in the development of those "fringe areas," the cost of providing adequate services, especially water and sewage, may become very expensive.*
>
> *We are strongly of the opinion that planning should be more effective in the non-incorporated areas to give some control of the problems briefly enumerated above. We do not want to give the impression that we would want to have all developments in the rural areas halted. However, we do believe that such development should be done in a planned and coordinated way to avoid problems which result in costly expenditures to the residents and to the government. We are of the opinion that such effective planning can be done by having responsible people at the local level to make the decisions"* (1976, pp. 31, 34-35).

This was written more than 30 years ago. Though difficult to accept, this very situation has unfolded in many parts of the province over the past thirty years and has resulted in significant costs to taxpayers to retrofit or expand water and wastewater systems, or both. It has also resulted in a need to extend provincial services (e.g., schools) to these areas. There are residential areas where the water has simply run out and the only option, short of relocating the development, is to expand a nearby water system or develop a new one. There is now significant pressure on the provincial government (and perhaps with some

justification, given that the developments were allowed to occur in the first place) to fund a substantial portion of the retrofitting of these developments.

The **Commission on Land Use and the Rural Environment** (1993) spoke to the matter of planning in unincorporated areas at great length and 10 years later, the **Select Committee on Local Governance and Regional Collaboration** expressed similar views regarding the state of land use planning and noted the following:

> *Individuals from local service districts and municipalities emphasized the importance of local land use planning. They considered land use/community planning as the most important gap to fill through the exercise of community governance. They felt that there is a need to keep rural, rural by fostering the growth of the rural suburban areas, the rural heartland areas and municipalities in a way that will build socially, economically and environmentally healthy communities that make effective, efficient and equitable use of public infrastructure, facilities, services, land and natural resources"* (2003, p.30).

It does appear that no significant progress has been made in addressing the planning gap that has existed now for many years in LSDs. Only about 20 per cent of LSDs in the province have some form of land use plan in place. While the words may have changed slightly, the general themes and conclusions are the same. There is clearly a need for more land use planning in the unincorporated areas of the province. It is our view that this planning gap could be addressed, in part, through greater emphasis on community governance, a matter that will be addressed in future chapters.

5.2.3 Absence of a Consistent Regional Framework

Over the past 40 years, several reports have suggested that more needs to be done on a regional basis. Legislation has even been amended to facilitate planning and service sharing on a regional basis. The **New Brunswick Royal Commission on Finance and Municipal Taxation** (1963) recommended that there be mandatory joint provision of five services by adjoining town and cities (for water, fire protection, police protection, sanitary sewage disposal and planning). A new *Community Planning Act* enacted in 1973 provided a framework for the development of regional plans that would focus on ensuring the *"orderly economic, social and physical development of the region."* More specifically, such a plan would deal with such matters as the development of industry and commerce, the management of water resources, pollution, urban and rural land use, housing stock, transportation and communications systems, as well as the development and maintenance of educational, cultural, recreational and health facilities.

The final report of the **Commission on Land Use and the Rural Environment (CLURE)** also advocated for several measures to be undertaken at the regional level including the establishment of a district management commission that would *"...concentrate initially on those services that* [were] *more regional and softer in nature such as land use planning, economic development, solid waste management, watershed protection and resource management"* (1993, p.77).

The **Minister's Round Table on Local Governance in New Brunswick** made a similar recommendation that called for a multi-service body to be established in each region of the province:

> *"...to provide for the delivery of the services of land use planning, solid waste management and economic development on a regional basis; a mechanism to arrange for, and/ or deliver services on a regional, and possibly on a sub-regional or local basis; a mechanism to manage facilities and infrastructure that have regional benefit; the potential to achieve cost savings through economies of scale and the reduction of duplication; greater effectiveness in dealing with issues that cross jurisdictions and improvement of cooperation among the various administrative units"* (2001, p.37).

Despite these reports as well as the enactment of specific legislation designed to encourage cooperation and integration on a regional basis, regionalization has only really occurred on a sectoral basis. That is, specific service areas have been targeted for delivery on a regional basis. Examples include land use planning, solid waste management and economic development. There have also been various efforts across the province over the years to facilitate cost-sharing and joint service delivery, but this has happened more on an ad-hoc and sporadic basis (e.g., the *Greater Saint John Regional Facilities Commission Act*, enactment of the Shared Services Agreement Regulation under the *Municipalities Act*, and the recreation cost-sharing agreement between the City of Fredericton and surrounding communities). There really

has been no consistent approach in the facilitation of service delivery on a regional basis.

Though there are clear advantages to regionalizing specific services (e.g., economies of scale), the problem with this strictly sector-based approach is that it does not foster a cohesive and integrated approach to development of communities within these regions. For example, there are really no formal linkages between the land use planning function and economic development. Moreover, no planning is taking place on a regional basis that links future infrastructure needs (e.g., water and wastewater system expansions, road networks and trails) to long-term economic development strategies. In addressing the issues of sustainable development and regional cooperation in its written submission to the Commissioner, the **Cities of New Brunswick Association** offered the following comment: *"[t]he regional planning process is welcomed by the Cities of New Brunswick Association, especially in the area of land use planning and streamlining of Regional Services. We recognize that there are too many Boards, Commissions and Service entities in this province and it would be more focused and efficient to combine the mandates of many of them"* (2007, p.23).

Accountability and transparency have also become issues. With so many entities and agreements having been established to facilitate service delivery, each using different systems of representation, decision-making processes and cost-sharing mechanisms, it is difficult for local governments to be truly accountable to their citizens. It also leav citizens wondering who is truly responsible for what services.

Communities, whether they have a local government or an advisory committee, have no formalized means to engage one another in meaningful dialogue to address issues that cross their administrative boundaries. Environmental matters such as the protection and management of water sources, strategies to address climate change, efforts to foster immigration and strategies to deal with the closure of a major employer are examples of situations requiring integrated and cooperative approaches. Emergency measures and other public safety issues are other matters that often require responses that go well beyond the boundaries of one administrative unit.

In terms of service provision, it is evident that more can and should be done on a regional basis to facilitate service sharing. Over the past year, the provincial government, through the Department of Local Government, has been called upon to serve as the facilitator for the establishment of various cost-sharing agreements for recreation facilities. This provincial intervention has occurred precisely because there is no recognized regional forum through which such agreements can be developed. Recreation is very much a local service and as such, local entities should be the organizations that make these agreements happen.

For many local governments in New Brunswick, both large and small, affordability and quality of services is a constant challenge. With no regional mechanism to facilitate cooperation, they miss opportunities for partnerships in recreation and in other service areas. Fire protection, policing services, recreation facilities, and water and wastewater systems maintenance are examples of where service and cost-sharing opportunities must be further explored. The **Union of Municipalities of New Brunswick**, in its submission to the Commissioner, specifically emphasized the need to focus on the services of recreation and planning on a more formalized regional basis to address issues of cost-sharing and coordination.

Even where there is some degree of regional cooperation there is no uniformity of boundaries. Solid waste commissions, district planning commissions and community economic development agencies do not have the same boundaries, thus making cooperation between these different sectors that much more difficult to achieve.

The lack of a consistent regional framework, combined with the large number of local entities, also makes the rational allocation of provincial funding more difficult to achieve. There is no opportunity for entities within a region to examine collectively their most pressing core infrastructure needs (e.g., road development and upgrading, transit linkages or water and wastewater system expansion) and to set priorities. Prioritization at the regional level would be helpful in the provincial allocation of funding for major infrastructure; otherwise, provincial decisions in these matters are more subject to parochialism with the end result being less-than-strategic funding allocation. A collective regional approach may also result in building a better case for much needed infrastructure.

5.2.4 An Unsatisfactory Provincial-Local Funding Mechanism

For the past 20 years, there has been endless debate on the principal funding transfer mechanism between the provincial government and local entities: the unconditional grant. Though this debate may be

an inherent part of funding transfers between levels of government, it is evident that New Brunswick's primary provincial-local funding arrangement has not provided a satisfactory end result from a local and a provincial perspective. The following summarizes the main concerns expressed regarding the unconditional grant and the overall financing framework for local government:

- The distribution of funding through the unconditional grant has created clear *"winners"* and *"losers"* for which the reasons are not always obvious to the recipients;
- In overall terms, funding through the unconditional grant to municipalities has decreased substantially since 1991. In that year, the overall pool of funding provided to municipalities through the grant was $103 million. In 2008, the funding provided through the grant to the municipalities is $67 million;
- The 1997 unconditional grant formula has never been fully implemented, and therefore, municipalities that have arguably needed the most assistance, have not received their appropriate share. Conversely, those municipalities not requiring as much assistance (with healthy per capita tax bases) continue to receive more than the formula, if fully applied (and fully funded), would allocate;
- The funding allocation formula is overly complex such that very few people really understand how the distribution works and why some apparently similar municipalities receive dramatically different levels of funding. Equity is therefore being questioned;
- Funding through the unconditional grant can be unpredictable and is largely dependent on provincial government priorities of the day;
- The grant does not foster fiscal autonomy (self-reliance); rather, it creates a dependence that has served as a disincentive for municipalities to examine their current situation and to consider restructuring options (e.g., amalgamation with neighbouring municipalities, more service and cost-sharing arrangements for services);
- There are substantial accountability issues, particularly if one subscribes to the principles of having the entity that spends also being the one that raises the revenue. In the case of the unconditional grant, it amounts to an average of approximately 11 per cent of municipal budgets, which is provided to municipalities on an annual basis by the provincial government;
- Concern has been expressed by municipal representatives that the uniform requirement to refinance loans that have an amortization period greater than 10 years for capital expenditures creates exposure to rate risk. Also, in the opinion of some municipalities, the inability to use innovative financing options for new development has become an impediment to progress at the local level. We believe the issues raised here require closer examination;
- There is a need for a clear commitment from the Province for ongoing infrastructure investment in municipalities. As the **Cities of New Brunswick Association** has noted in its written submission to the Commissioner, *"There must be a long-term financial commitment from the province. While provincial and federal programs are requiring a rolling five-year capital plan, cities themselves are looking at 15-20 years into the future in terms of infrastructure needs and development"* (2007, p.17). The question is whether this kind of assistance should be provided through an institutionalized grant formula or in some other way; and
- Municipalities, particularly city representatives, have argued that there is a need for greater overall flexibility in local government financing, with particular emphasis being placed on the need to access new revenue sources in order to take the pressure off local tax rates (e.g., portion of fuel taxes, percentage of harmonized sales tax, hotel levies).

On the basis of the issues noted above, we are of the view that a new direction needs to be taken in terms of provincial-local fiscal arrangements. There is a need for a formula that will provide adequate, stable and equitable funding for local government in the long term.

5.2.5 An Unbalanced Property Tax Regime

For many years, concerns have been expressed regarding the property tax system, particularly as it relates to paying for provincially provided local services in the unincorporated areas. This matter has been raised on many occasions in the past 15 years through various reports including the **Commission on Land Use and the Rural Environment** (1992) and the **Minister's Roundtable on Local Governance** (2001). To date, the matter has not been resolved and remains a source of continuous debate and frustration.

As was explained in the previous chapter, the services of transportation (roads), policing, administration and dog control are provided by the provincial government in the unincorporated areas of the province (local service districts) as well as in rural communities (other than those areas covered by a previously incorporated village). The provincial government charges owner-occupied residential

properties (primary residences) $0.65 per $100 of assessment for these four services. This levy is not applied to non-owner-occupied residential (e.g., cottages) and non-residential properties (businesses). In other words, these latter property owners do not have to pay for these four services. Conversely, owners of the same types of properties in municipalities must pay for these services through the local property tax rate. This situation creates a substantial inequity in terms of the treatment of properties for those inside and those outside of municipal boundaries.

This issue of inequity is further entrenched because the costs of the four services are not being fully recovered through the application of the 65-cent provincial property tax levy. The 2008 report from the Office of the Comptroller - **Review of Provincially Provided Local Services in Local Service Districts** - estimated that for the 2006-07 fiscal year, the revenue shortfall for the provincial government was $55.4 million ($38.2 million for transportation, $16.3 million for policing and $0.9 million for administration). Moreover, we have to question why this 65-cent levy has not been increased since 1984, since all municipalities have seen their tax rates increase over this time frame.

Though not the only factor, this imbalance in the property tax regime is influencing the location of business and residential developments. From a taxation point of view, there is a built-in bias against locating within the boundaries of municipalities because of the manner in which the $0.65 per $100 of assessment levy is being applied (only to residential owner-occupied properties) and because this levy is not tied to the actual costs of the services being provided.

5.2.6 An Outdated Legislative Framework

As with the issues noted above, the aging legislative framework for the local governance system in New Brunswick has been of significant concern for many years. To date, every jurisdiction in Canada, with the exceptions of New Brunswick and Prince Edward Island, has seen enactment of modernized legislation for the local government sector. In fact, the *Municipalities Act*, the central statute for local government in New Brunswick, is now over 40 years old. It is acknowledged that many amendments have been made over time to address specific issues and/or policy changes (including the 65 administrative changes made in 2003 and the substantive changes made to introduce the new rural community model in 2005) to accommodate particular situations that have arisen. However, these changes, while necessary, have rendered the Act far more complex. Municipal associations have been publicly calling for new legislation for many years. The new legislation could, among other things, result in the following:

- More permissive legislation through the establishment of a series of general powers or *"spheres of jurisdiction"* that would give local governments greater flexibility in providing local services to their citizens, in regulating local activities and in responding to emerging issues;
- Clarification of many provisions in the Act that have become unclear with the passage of time;
- Repeal of provisions that no longer have relevance in the local government sector; and
- Rewriting and reorganization of the Act so that it can be more easily read and understood by local government officials (appointed and elected), the general public and by provincial departments and agencies.

The development of a new legislative framework for local government would also provide an opportunity to consolidate various pieces of legislation and associated regulations affecting local government in New Brunswick. Transparency and accountability have emerged as major concerns in recent years and the revision of the legislation would provide an opportunity to clarify the responsibilities of local governments. It should also clarify the requirements regarding public access to information. The development of new legislation should be considered as a necessity in the efforts to build viable and self-sufficient local government entities. There have been significant changes in terms of how municipalities conduct their business and in terms of the issues they must address. The evolution of the legislation has simply not kept pace with the changes and pressures facing local governments. It is also clear that the recommendations contained in this report will provide further impetus, if not the necessity, for a newly revised statute for local government.

In Summary

In light of the *"external"* and *"internal"* challenges noted in this chapter, we are of the view that substantive changes are necessary to position New Brunswick's local government system to be effective in the coming years.

The gradual movement of the population within the province toward more urbanized areas, the relatively limited overall population growth, and the fact that our population is aging are trends too significant to be ignored in the context of how the province is governed at the local level. The changing economy, which is driving many of the population trends, is affecting and will continue to impact the financial strength and viability of local governments. Environmental challenges, as well as new and evolving service standards, are also of significance in considering the future of local governance.

The local governance system itself has several features that, when combined with the above-noted *"external trends"*, provide further rationale for bringing about change, particularly in light of the provincial government's agenda to foster a climate of self-sufficiency in the province. In regards to local governance, these features include the large number of municipalities and LSDs relative to tax base and population, the mismatch of administrative boundaries with current communities of interest, and the fact that there are no elected municipal councils to represent 35 per cent of the province's population. The absence of a consistent framework that would allow for improved cooperation on a regional or sub-regional basis, or both, between communities has created difficulties in relation to service delivery, cost-sharing and planning, and has resulted in lost opportunities. From a financial perspective, both the imbalance in the property taxation regime and the current concerns regarding the unconditional grant suggests that changes are warranted in this area as well.

It must be emphasized that each of the issues identified, as important as they are individually, cannot be addressed in isolation from one another. We are of the view that an integrated approach is required in order to effectively address the challenges confronting our system of local governance. As such, the remaining chapters will propose recommendations that link to one another and that should be considered as a package rather than as separate and discrete proposals for change.

Appendix 1: Population Growth and Decline among Municipalities, Rural Communities and Local Service Districts (1996-2006)

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Cities			
Bathurst	13,815	12,714	-8.0%
Campbellton	8,404	7,384	-12.1%
Dieppe	12,497	18,565	48.6%
Edmundston	17,876	16,643	-6.9%
Fredericton	46,507	50,535	8.7%
Miramichi	19,241	18,129	-5.8%
Moncton	59,313	64,128	8.1%
Saint John	72,494	68,043	-6.1%
Total Cities	**250,147**	**256,141**	**2.4%**
Towns			
Beresford	4,720	4,264	-9.7%
Bouctouche	2,459	2,383	-3.1%
Caraquet	4,653	4,156	-10.7%
Dalhousie	4,500	3,676	-18.3%
Florenceville-Bristol	1,414	1,539	8.1%
Grand Bay-Westfield	4,880	4,981	2.1%
Grand-Falls / Grand-Sault	6,133	5,650	-7.9%
Hampton	4,081	4,004	-1.9%
Hartland	892	947	6.2%
Lamèque	1,671	1,422	-14.9%
Nackawic	1,167	977	-16.3%
Oromocto	9,194	8,402	-8.6%
Quispamsis	13,579	15,239	12.2%
Richibucto	1,414	1,290	-8.8%
Riverview	16,684	17,832	6.9%
Rothesay	11,470	11,637	1.5%
Sackville	5,393	5,411	0.3%
Saint-Andrews	1,752	1,798	2.6%
St. Léonard	1,450	1,352	-6.8%
Saint-Quentin	2,424	2,250	-7.2%
Shediac	4,664	5,497	17.9%
Shippagan	2,862	2,754	-3.8%
St.George	1,414	1,309	-7.4%
St. Stephen	4,961	4,780	-3.6%
Sussex	4,293	4,241	-1.2%
Tracadie-Sheila	4,773	4,474	-6.3%
Woodstock	5,092	5,113	0.4%
Total Towns	**127,989**	**127,378**	**-0.5%**
Villages			
Alma	312	301	-3.5%
Aroostook	397	346	-12.8%
Atholville	1,376	1,317	-4.3%
Baker-Brook	629	525	-16.5%
Balmoral	1,975	1,706	-13.6%
Bas-Caraquet	1,775	1,471	-17.1%
Bath	629	512	-18.6%
Belledune	2,060	1,711	-16.9%
Bertrand	1,379	1,179	-14.5%
Blacks Harbour	1,148	952	-17.1%
Blackville	957	931	-2.7%
Cambridge-Narrows	634	717	13.1%
Canterbury	433	360	-16.9%
Cap-Pelé	2,242	2,279	1.7%
Centreville	559	523	-6.4%
Charlo	1,610	1,376	-14.5%
Chipman	1,518	1,291	-15.0%
Clair	905	848	-6.3%
Doaktown	986	888	-9.9%
Dorchester	1,179	1,119	-5.1%
Drummond	983	839	-14.6%
Eel River Crossing	1,446	1,168	-19.2%
Fredericton Junction	736	715	-2.9%
Gagetown	660	719	8.9%
Grand Manan	2,577	2,460	-4.5%
Grande-Anse	965	758	-21.5%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Harvey	383	352	-8.1%
Hillsborough	1,272	1,292	1.6%
Kedgwick	1,221	1,146	-6.1%
Lac Baker	226	169	-25.2%
Le Goulet	1,029	908	-11.8%
Maisonnette	675	599	-11.3%
McAdam	1,570	1,404	-10.6%
Meductic	236	155	-34.3%
Memramcook	4,904	4,638	-5.4%
Millville	321	303	-5.6%
Minto	3,056	2,681	-12.3%
Néguac	1,735	1,623	-6.5%
New Maryland	4,284	4,248	-0.8%
Nigadoo	961	927	-3.5%
Norton	1,390	1,314	-5.5%
Paquetville	731	642	-12.2%
Perth-Andover	1,861	1,797	-3.4%
Petitcodiac	1,425	1,368	-4.0%
Petit Rocher	2,078	1,949	-6.2%
Plaster Rock	1,220	1,150	-5.7%
Pointe-Verte	1,122	971	-13.5%
Port Elgin	445	451	1.3%
Rexton	908	862	-5.1%
Riverside-Albert	415	320	-22.9%
Rivière-Verte	929	798	-14.1%
Rogersville	1,336	1,165	-12.8%
Saint-André	438		-
Saint-Antoine	1,463	1,546	5.7%
Sainte-Marie-Saint-Raphaël	1,185	993	-16.2%
Saint-François de Madawaska	631	585	-7.3%
Saint-Léolin	858	733	-14.6%
Saint-Louis de Kent	1,015	960	-5.4%
Salisbury	1,882	2,036	8.2%
St. Martins	386	386	0.0%
Stanley	426	433	1.6%
Sainte-Anne-de-Madawaska	1,273	1,073	-15.7%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
St. Hilaire	255	231	-9.4%
Saint-Isidore	912	796	-12.7%
Sussex Corner	1,337	1,413	5.7%
Tide Head	1,170	1,075	-8.1%
Tracy	605	619	2.3%
Total Villages	**79,639**	**73,122**	**-8.2%**
Rural Communities			
Beaubassin-Est	6,077	6,765	10.2%
Saint-André		2,064	-
Upper-Miramichi	2,798	2,414	-15.9%
Total Rural Communities	**8,875**	**11,243**	**21.1%**
Local Service Districts			
Aberdeen	1,055	877	-16.9%
Acadieville	1,014	826	-18.5%
Addington	374	351	-6.1%
Aldouane	1,004	964	-4.0%
Allardville	1,808	1,442	-20.2%
Alma	8	5	-37.5%
Alnwick	2,061	1,607	-22.0%
Andover	1,104	856	-22.5%
Anse-Bleue	492	381	-22.6%
Baie du Petit Pokemouche	198	195	-1.5%
Baie Ste. Anne	1,671	1,510	-9.6%
Baie-Verte Outside	424	387	-8.7%
Baker Brook	357	177	-50.4%
Balmoral-Maltais	69	72	4.3%
Balmoral-St. Maure	178	136	-23.6%
Bathurst	3,302	3,017	-8.6%
Bayfield	40	41	2.5%
Bayside	316	331	4.7%
Beaver Harbour	364	302	-17.0%
Benoit	240	217	-9.6%
Benton	99	60	-39.4%
Beresford Parish	2,709	2,643	-2.4%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Big River	1,052	779	-26.0%
Black River-Hardwicke	1,059	1,079	1.9%
Blackville	1,636	1,477	-9.7%
Blair Athol	55	58	5.5%
Blanchard Settlement	441	437	-0.9%
Blissfield	674	560	-16.9%
Blissville	935	848	-9.3%
Botsford	693	626	-9.7%
Brantville	1,175	1,008	-14.2%
Bright	1,771	1,672	-5.6%
Brighton	1,770	1,706	-3.6%
Brunswick	255	242	-5.1%
Burton	4,601	5,019	9.1%
Cambridge	685	682	-0.4%
Campobello	1,305	1,056	-19.1%
Canning	950	950	0.0%
Canterbury	589	555	-5.8%
Cap-Bateau	335	286	-14.6%
Cap-de-Richibucto	1,234	1,117	-9.5%
Cape Tormentine	172	143	-16.9%
Cardwell	1,422	1,479	4.0%
Carleton	420	488	16.2%
Chaleur Inside and Outside	934	834	-10.7%
Chamcook	452	592	31.0%
Chatham	555	502	-9.5%
Chiasson-Savoy	552	518	-6.2%
Chipman	1,121	1,056	-5.8%
Clair	306	282	-7.8%
Clarendon	51	71	39.2%
Cocagne	2,681	2,646	-1.3%
Coldstream	148	128	-13.5%
Collette	591	496	-16.1%
Coteau Road	521	471	-9.6%
Coverdale	3,948	4,144	5.0%
Dalhousie	155	85	-45.2%
Dalhousie Junction	630	495	-21.4%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Debec Inside and Outside	1,039	1,044	0.5%
Denmark	1,863	1,688	-9.4%
Dennis-Weston	1,032	1,192	15.5%
Derby	826	750	-9.2%
Dorchester	555	460	-17.1%
Douglas	3,577	3,720	4.0%
Drummond	2,250	2,265	0.7%
Dufferin	451	535	18.6%
Dugas	99	72	-27.3%
Dumbarton	447	356	-20.4%
Dumfries	415	369	-11.1%
Dundas	1,495	1,470	-1.7%
Dundee	970	789	-18.7%
Dunlop	983	939	-4.5%
Eldon	493	366	-25.8%
Elgin Centre	245	233	-4.9%
Elgin Parish	782	740	-5.4%
Escuminac	282	215	-23.8%
Estey's Bridge	2,089	2,054	-1.7%
Évangeline	394	371	-5.8%
Fair Isle	1,090	1,149	5.4%
Fairfield	251	269	7.2%
Ferry Road-Russellville	366	348	-4.9%
Flatlands	177	169	-4.5%
Fundy Bay	1,306	1,375	5.3%
Gauvreau / Petit-Tracadie	328	418	27.4%
Gladstone	492	538	9.3%
Glassville	86	82	-4.7%
Glencoe	231	201	-13.0%
Glenelg	977	960	-1.7%
Gordon	1,975	1,786	-9.6%
Grand Falls	1,211	1,188	-1.9%
Grand Saint-Antoine	314	494	57.3%
Grand-Digue	2,047	2,295	12.1%
Greenwich	1,175	1,043	-11.2%
Grimmer	1,079	1,036	-4.0%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Hammond	316	339	7.3%
Hampstead	296	278	-6.1%
Hampton	2,635	2,724	3.4%
Hanwell	3,069	3,812	24.2%
Harcourt	543	475	-12.5%
Hardwicke	70	39	-44.3%
Harvey	482	424	-12.0%
Haut-Lamèque	346	310	-10.4%
Haut-Rivière-du-Portage	754	612	-18.8%
Haut-Sheila	882	778	-11.8%
Haut-Shippagan	296	298	0.7%
Havelock Outside	1,213	1,189	-2.0%
Hillsborough	1,532	1,473	-3.9%
Hopewell	812	798	-1.7%
Inkerman Centre	1,038	956	-7.9%
Inkerman South (Six Roads)	646	551	-14.7%
Johnston	731	684	-6.4%
Kars	382	424	11.0%
Kent	2,372	2,222	-6.3%
Keswick Ridge	1,193	1,487	24.6%
Kingsclear	2,775	2,877	3.7%
Kingston	2,873	2,888	0.5%
Lac Baker	472	566	19.9%
Lakeville	371	337	-9.2%
Landry Office	351	360	2.6%
LaPlante	394	346	-12.2%
Leech	505	551	9.1%
Lepreau	875	824	-5.8%
Lincoln	2,888	3,017	4.5%
Lorne	893	703	-21.3%
Lorne	570	577	1.2%
Madawaska	0	10	-
Madran	280	284	1.4%
Maltempec	336	313	-6.8%
Manners Sutton	1,830	1,863	1.8%
Mann's Mountain	84	48	-42.9%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Maugerville	866	880	1.6%
McAdam	106	80	-24.5%
McLeods	431	371	-13.9%
Menneval	92	62	-32.6%
Miscou Island	683	649	-5.0%
Moncton	8,551	8,768	2.5%
Murray Corner	392	393	0.3%
Musquash	1,315	1,235	-6.1%
Nelson	994	814	-18.1%
New Bandon	235	242	3.0%
New Bandon-Salmon Beach	1,083	958	-11.5%
New Maryland-Howorth and Nasonworth	2,193	2,348	7.1%
Newcastle	1,257	861	-31.5%
Noonan	687	835	21.5%
North Esk	1,773	1,622	-8.5%
North Lake	213	300	40.8%
North Tetagouche	984	955	-2.9%
Northampton	1,225	1,356	10.7%
Northfield	801	729	-9.0%
Norton	1,126	1,209	7.4%
Notre-Dame-de-Lourdes	345	284	-17.7%
Oak Point	274	255	-6.9%
Par. Notre-Dame-des Érables	1,047	950	-9.3%
Paroisse de Caraquet	3	15	400.0%
Paroisse de Paquetville	1,870	1,570	-16.0%
Paroisse de Sainte-Cécile	931	739	-20.6%
Paroisse de Saint-Isidore	1,584	1,412	-10.9%
Paroisse de Saumarez	372	310	-16.7%
Paroisse de Shippagan	63		-100.0%
Peel	1,286	1,257	-2.3%
Pennfield	1,911	2,020	5.7%
Perth	1,335	1,259	-5.7%
Petersville	577	498	-13.7%
Petite Lamèque	434	420	-3.2%
Petit-Rocher-Nord	574	555	-3.3%
Petit-Rocher-Sud	467	225	-51.8%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
Pigeon Hill	604	535	-11.4%
Point La Nim	310	298	-3.9%
Pointe de Bute	652	567	-13.0%
Pointe-à-Bouleau	141	191	35.5%
Pointe-Alexandre	327	362	10.7%
Pointe-Brûlé	174	232	33.3%
Pointe-Canot	328	243	-25.9%
Pointe-du-Chêne	650	835	28.5%
Pointe-Sapin	692	414	-40.2%
Pointe-Sauvage	121	112	-7.4%
Poirier	80	99	23.8%
Pokemouche	556	515	-7.4%
Pokesudie Island	360	299	-16.9%
Pont-LaFrance	827	760	-8.1%
Pont-Landry	1,415	1,211	-14.4%
Prince William	877	879	0.2%
Queensbury	1,225	1,215	-0.8%
Renous-Quarryville	1,355	1,188	-12.3%
Richibucto	665	742	11.6%
Richmond	383	370	-3.3%
Riley Brook	117	40	-65.8%
Rivière-à-la-Truite	447	396	-11.4%
Rivière-du-Portage-Tracadie Beach	737	775	5.2%
Rivière-Verte	853	791	-7.3%
Robertville	925	843	-8.9%
Rogersville	836	751	-10.2%
Rothesay	321	350	9.0%
Rusagonis	2,461	2,747	11.6%
Sackville	1,237	1,174	-5.1%
Saint Croix	341	339	-0.6%
Saint David	1,641	1,499	-8.7%
Saint George	1,051	1,101	4.8%
Saint James	906	819	-9.6%
Saint Martins	1,284	1,198	-6.7%
Saint Marys	3,522	4,224	19.9%
Saint Patrick	653	721	10.4%
Saint Stephen	315	348	10.5%
Saint-Basile	672	799	18.9%
Saint-Charles	1,138	1,129	-0.8%
Sainte-Anne	1,206	1,081	-10.4%
Sainte-Anne-de-Kent	1,417	1,113	-21.5%
Sainte-Marie de Kent	1,966	1,765	-10.2%
Sainte-Rose	895	829	-7.4%
Saint-François	891	754	-15.4%
Saint-Hilaire	561	531	-5.3%
Saint-Ignace	720	634	-11.9%
Saint-Irénée and Alderwood	902	845	-6.3%
Saint-Jacques	1,694	1,607	-5.1%
Saint-Joseph	1,716	1,696	-1.2%
Saint-Léonard	1,122	1,039	-7.4%
Saint-Louis	1,298	1,267	-2.4%
Saint-Paul	980	858	-12.4%
Saint-Pons	410	353	-13.9%
Saint-Quentin	1,424	1,468	3.1%
Saint-Sauveur	934	709	-24.1%
Saint-Simon	902	760	-15.7%
Salisbury	3,520	3,425	-2.7%
Saumarez	632	494	-21.8%
Scoudouc	1,108	1,095	-1.2%
Scoudouc Road	236	206	-12.7%
Shediac	614	466	-24.1%
Shediac Bridge-Shediac River	897	1,043	16.3%
Shediac Cape	717	913	27.3%
Sheffield	836	909	8.7%
Simonds	3,572	3,490	-2.3%
Simonds	602	489	-18.8%
Somerville	342	307	-10.2%
South Esk	2,178	1,964	-9.8%
Southampton	1,769	1,601	-9.5%
Springfield	1,619	1,572	-2.9%
St. Arthur	858	743	-13.4%
St. Margarets	370	333	-10.0%

Municipalities, Rural Communities and Local Service Districts	Population 1996	Population 2006	Change %
St. Martin de Restigouche	130	110	-15.4%
Stanley	2,111	971	-54.0%
St. Jean Baptiste de Restigouche	253	197	-22.1%
Studholm	3,758	3,526	-6.2%
Sunny Corner	958	858	-10.4%
Sussex	2,630	2,427	-7.7%
Tabusintac	918	868	-5.4%
Tremblay	498	466	-6.4%
Upham	1,390	1,267	-8.8%
Upper & Lower Northampton	239	243	1.7%
Upper Gagetown	354	297	-16.1%
Upper Kent	175	139	-20.6%
Val D'Amour	2,186	1,906	-12.8%
Val-Comeau	843	804	-4.6%
Wakefield (Inside)	2,316	2,396	3.5%
Waterborough	907	893	-1.5%
Waterford	559	505	-9.7%
Wellington	2,026	2,209	9.0%
Welsford	1,561	1,426	-8.6%
West Isles	851	824	-3.2%
Western Charlotte	1,035	1,104	6.7%
Westfield	2,275	2,053	-9.8%
Westmorland	19	5	-73.7%
White Head Island	180	190	5.6%
White's Brook	138	170	23.2%
Wickham	454	460	1.3%
Wicklow	1,942	1,753	-9.7%
Wilmot	822	806	-1.9%
Wirral-Enniskillen	272	260	-4.4%
Woodstock	1,830	2,088	14.1%
Total Lsd	**265,075**	**254,527**	**-4.1%**
First Nations			
Big Hole Tract (south half)	40	69	72.5%
Bouctouche 16		82	-
Burnt Church 14	816	1,120	37.3%
Devon	647	767	18.5%
Eel Ground 2		503	-
Eel River	281	312	11.0%
Fort Folly	33	45	36.4%
Indian Island 28	52	97	86.5%
Indian Ranch		45	-
Kingsclear 6	421	465	10.5%
Oromocto 26	256	284	10.9%
Pabineau	134	125	-6.7%
Red Bank 4	268	383	42.9%
Richibucto 15	1403	1,897	35.2%
St-Basile 10	105	166	58.1%
Tabusintac 9	1	10	900.0%
Tobique 20	910	878	-3.5%
Woodstock	222	338	52.3%
Total First Nations	**5,589**	**7,586**	**35.7%**
Grand Total	**737,314**	**729,997**	**-1.0%**

Part 3

The Proposed New Framework

Outline

Chapter 6
Adapting Local Government Decision-Making and Service Structures

6.1 Goals and Objectives of Reforms 76

6.2 Reconfiguring Local Governments 76

Unitary regional governments 78

Municipal/local service district mergers 79

Expanded local governments combined with regional service districts 79

Chapter 6
Adapting Local Government Decision-Making and Service Structures

In Part II of this report, we briefly traced the evolution of local governments in New Brunswick and provided a portrait of the present local governance structures. We have also described how changing socio-demographic and economic conditions are impacting local governance today and how local government in New Brunswick has not adapted structurally to this new and evolving environment. Immobility in this province's local governance structures (elements of which are centuries-old and others created as a result of the implementation of the Byrne report, 1963) stands in stark contrast to the overwhelming changes that have occurred in population distribution, transportation infrastructure, methods of public service delivery and the general economy since they were established. Like many other institutions, local governments in New Brunswick are subject to a radically changing society and economy.

We often say that we would never willingly re-create the government we have today. This is certainly true of local governments in New Brunswick since they largely hold to boundaries, rules, and a scale of operations established before the common use of the automobile, let alone modern information technology and the Internet. As much as the 1963 Byrne Commission revolutionized municipal finances and was considered "ahead of its time" in how the responsibility for the delivery of services was apportioned between the provincial and local governments, it arguably fell far short of outlining a structure for modern and effective local governments for New Brunswick.

From our analysis of the current structure of local governance, the four decades of studies on reforming this structure and the great changes that have taken and are taking place in New Brunswick, we conclude that the present local government structure is neither self-sufficient nor sustainable. The current structure has too many government entities for the populations they serve and deprives many New Brunswickers of effective participation in the affairs of their communities. This multiplicity promotes duplication, fragmentation,

and inefficiency of services while creating issues of responsibility, accountability and viability at the local level.

The current structure of local government is simply not working and its defects cannot be fixed by tinkering around the edges. What is truly needed is a major overhaul; a new set of rules, a new framework. It is to such a new modernized framework that we are now turning our attention.

6.1 Goals and Objectives of Reforms

The set of reform proposals contained in this report is aimed at achieving four broad goals. First, the proposed changes should adjust local governance institutions (general-purpose local governments and specialized service units) so that they better reflect today's socio-economic communities. Second, they should position local governments to ensure that they effectively serve and strengthen their respective communities as the economic engines for their regions and the province, thus contributing to the self-sufficiency agenda. Third, they should transform what is now a disjointed and fragmented local governance regime into a more coherent and effective whole. Fourth, they should give unincorporated areas of the province a voice and decision-making authority regarding local services and issues, thus addressing an important *"democratic deficit."*

In advancing these proposals, several objectives are also being pursued with a view to correcting the main deficiencies of the present system. They are:

- **Realizing a balance between the two key functions of local government (i.e., deliberative democratic forum and service delivery agent);**
- **Strengthening local government structures to ensure their sustainability and viability for the long term;**
- **Providing mechanisms through which economies of scale can be achieved, competitive advantages can be emphasized, and local and provincial resources can be more effectively allocated; and**
- **Establishing a property taxation and funding system that fosters equity, fairness, accountability and financial independence (self-sufficiency).**

Prior studies and representations received from interested parties and stakeholders during this review process indicate continuing broad support for the major policy thrusts in provincial-municipal relations instituted in 1966 following the implementation of the **Byrne Commission** report. The basic distribution of responsibilities between the provincial government and municipalities, the provincial government's exclusive role in property assessment and in property tax administration (billing and collection), centralized municipal borrowing, as well as the provision of equalization transfers by the province to municipalities are highly valued features of the present system of local governance.

Taken together, the above elements have developed into a unique and commendable regime of provincial-municipal relations. They are the envy of most other provinces and form a solid foundation on which to build for the future. We, therefore, do not propose substantial changes in those areas. It is true, however, that the measures taken by the provincial government in 1966 did not solve all of the problems for which the **Byrne Commission** was established. The **Byrne Commission** itself, and the government of the day, shied away from any significant change to local governance itself, i.e., how local governments are organized, how their boundaries are drawn and the relationship between local governments themselves. In fact, the patchwork of general-purpose local governments (incorporated cities, towns, villages and local improvement districts) that existed in the early 1960s only became more tangled following the dissolution of county governments. Dozens more small villages, many of them barely viable, were born, in addition to a very large number (close to 300 by 1991) of local service districts (LSDs). The local government field became even more crowded over time with the establishment of numerous single-purpose or specialized service units in the form of ABCs (agencies, boards and commissions).

6.2 Reconfiguring Local Governments

The very existence of LSDs and the role played by the provincial government in providing direct municipal-type services in the non-incorporated areas have given rise to a dual system of local governance that is becoming more and more difficult to justify. Rightly or wrongly, there is a perception that this dual system has created two categories of residents who are treated quite differently when it comes to local decision-making and property taxation. When they were instituted, as per the **Byrne report**, LSDs were seen as the most efficient and cost-

effective way of bringing local-type services to New Brunswick's large number of small, isolated and very rural communities. However, over time, and because of major shifts in population distribution, they have evolved in a way that was not intended, serving more and more quasi-urban or suburban populations. The continuation of this incorporated/unincorporated distinction will only exacerbate present local governance difficulties and further separate New Brunswick residents.

Any in-depth reform of local governance in New Brunswick hinges on addressing the present *"democratic deficit,"* that is, the absence of true local government for 35 per cent of the population and 90 per cent of the provincial territory. As prior studies have underlined, most of the local governance problems that have surfaced since the 1966 reforms are directly or indirectly related to that particular feature of the present regime. Over the years, of all the factors at play, it is arguably the one that has had the most impact on settlement patterns. It is also responsible for the lack of meaningful say on local issues for a significant number of residents.

We have concluded that it is better that the LSD form of local governance be abolished and that a uniform structure of local governance be instituted.

Recommendation: 1

It is recommended that incorporated municipal governments be established over all of the New Brunswick territory and that all residents be represented and governed by elected municipal councils, except where a separate and distinct form of local government has been instituted for the aboriginal population under federal legislation.

If all of New Brunswick's territory and population are to be *"municipalized,"* then the question is: "how?". Should the 267 present LSDs be merged to form new villages and towns, thus continuing the pattern that emerged in the 1970s following the implementation of the **Byrne Commission** recommendations? Arguably, doing so would add significantly to the present number of small municipalities. While residents of unincorporated areas may see the benefits of moving forward with incorporation of their communities, the fiscal capacity of a community to be incorporated may not be substantial enough to support a local government structure at locally reasonable rates of property taxation.

Prior studies on local governance in New Brunswick have expressed mixed views about the creation of additional municipalities out of the non-incorporated areas. It was recognized that such a solution might not always be financially feasible. Even the 1976 **Allen report**, the only New Brunswick local governance study to have proposed the creation of new rural municipalities (11 of them for the entire province) for the non-incorporated areas, acknowledged its limitations. The major changes that have occurred in the distribution of the population since that time (more specifically the decline in the true rural population and the movement toward urbanization) would make the incorporation of LSDs as distinct municipal entities much less feasible today.

In our view, the strict conversion of LSDs into towns and villages does not constitute a viable option today. Going from 101 stand-alone municipalities to 125, or 150, is not advisable. Not only would such an approach result in the continuation of non-viable local government entities but it would also further fragment municipal services and decision-making as well as perpetuate urban-rural divisions. It would represent a step backward in the search for more independent local governments and in seeking to position municipalities as important players in local and regional economic development.

Rather, we advise a more fundamental reconfiguring of the province's local government landscape. In this context, three options were examined in the course of our review. All three involve some degree of consolidation. We advocate local government consolidation knowing full well that there is no clear consensus among academic researchers and analysts on the benefits of larger governance entities.[1] The ability of consolidated government to produce the benefits promised by its proponents has not been unequivocally established. Some reviews have demonstrated that costs of merged governments are not necessarily lower than costs of individual governments and can even be higher. Costs may be higher after consolidation due to, among other things, *"levelling up"* of salaries, i.e., paying all workers at the highest pay-scale of the governments involved in any given consolidation.[2]

1 See **Layering of Local Governments & City-County Mergers**. A Report to the New York State Commission on Local Government Efficiency and Competitiveness, March 21, 2008.

2 Those, like Brian Lee Crowley, who predict this "levelling up" often assume a "very high degree of monopolistic in-house provision of services." See his **HRM: Shaping our Government. A talk to Citizens of the Halifax Refional Municipality**, April 2008. Yet, nothing prevents larger municipal units from contracting out or privatizing the provision of certain municipal services.

The proper interpretation of those studies is not that consolidation never leads to savings, but rather that it may for some services while not for others, and that all very much depends on the specific circumstances. The benefits of enlarging entities of 200,000 residents may not be the same as those resulting from the grouping of multiple units of a few hundred. In fact, Brian Lee Crowley, in a recent speech to the Halifax Regional Municipality on this subject, noted that "... *[t]he evidence says pretty unambiguously that the lowest observable levels of per unit costs for most services are compatible with very small municipal units (on the order of 5,000-10,000 residents). Moreover, there are significant diseconomies of scale beyond relatively small population numbers — on the order of 250,000 residents*" (2008, p.3). With a few exceptions, the municipalities we are proposing would have populations of fewer than 10,000 and the largest would have less than half of the figure of 250,000.

Opponents of municipal consolidation also often overlook the potential to avoid cost, in the long term, due to opportunities for more strategic decisions regarding the building and maintenance of major facilities. This is an important consideration at this time given the major infrastructure deficit accumulated over the years and due, in good part, to the lack of planning and the duplication of such facilities.

Unitary regional governments

The first option we considered would drastically redraw the province's local government map and structure by abolishing the present municipalities and LSDs, replacing them with between 10 and 15 new, large unitary regional municipalities modelled more or less on Nova Scotia's Cape Breton Regional Municipality and the Halifax Regional Municipality. In the opinion of the City of Fredericton (Submission to the Commissioner, March 2008), it is the kind of solution that would flow logically from a "*clean slate*" and "*without pre-conditions*" approach to the constitution of a proper system of local government for today and the future. When applied in the New Brunswick context, the Fredericton brief concludes, that such an approach should lead to the creation of a maximum of 12 large unitary regional municipalities.

Under the above scenario, contiguous urban, suburban and rural areas would be combined into large municipal units. This would mean one council and one administration responsible for all government policies and services in a much larger geographical area. Regional single-purpose entities such as solid waste commissions and planning commissions would be folded in the new regional municipal structure, thus reducing duplication and rendering elected officials directly accountable for all municipal-type service delivery.

This solution is predicated on the notion that while neighbouring areas have different names and administrations, there are few compelling reasons for their separate existence. Residents of the present municipalities and unincorporated areas comprising the proposed new municipal entities, it is argued, are often closely connected on a regional basis by transportation networks, employment opportunities, social and cultural activities, settlement patterns and geography. The bringing together of these people and land areas to create much fewer, but larger, units of local government would reflect much more closely the commuting patterns and the new communities of interest that have evolved since the 1960s. In other words, regional municipal governments would better match the present socio-demographic and economic situation.

While a limited number of unitary regional municipal governments might be considered the most effective restructuring option from the standpoint of service organization and delivery, it did not receive much support in prior reviews of local governance in New Brunswick. The **Minister's Round Table on Local Governance** (2001) discussed it, but agreed that "*... the creation of such large centres is not appropriate in the New Brunswick context and that this approach should not be pursued" (2001, p.26).*

There may be several reasons why it has not been viewed as the most desirable and feasible solution. It may suffer from an overall lack of balance. It may be putting too much emphasis on local governments as service agents at the expense of their democratic/deliberative function. It may evoke a loss of community identity and residents may likely feel somewhat remote from and less able to access their local government, thus eroding the concept of local decision-making. It may be too centred on the larger urban communities (the new regional municipal entities would, to a large degree, be centred on the present cities and large towns), resulting in cities and larger towns being too dominant and exercising too much influence within each regional municipality. Some may see it as unduly strengthening urban centres at the expense of suburban and rural communities. Finally, going at once from the present number of governing entities to just a dozen or so may be too radical a step. A more evolutionary or gradual approach to local government consolidation may be considered more acceptable and practicable.

Municipal/local service district mergers

A second option would consist of the retention of all existing municipalities (cities, towns and villages), but extending their respective boundaries to include adjoining non-incorporated areas. It would see the merging of the present 101 municipalities and three rural communities with the 267 LSDs to form larger local administrations. This option is much closer to the status quo and would likely satisfy those who would prefer to preserve New Brunswick's traditional local governance structure. It would necessitate the creation of no new municipal entities and make it possible to build on long-established and mature local administrations. All of New Brunswick would be "*municipalized*," with a minimum of changes and disruptions. This way, the entire New Brunswick population would have access to a governance system that provides for elected representation and the existing municipal structure (city, town, village and rural community) would be retained.

While such a minimalist approach is attractive in some respects, it is fraught with difficulties and would fall short of constructing the most desirable local governance system for the New Brunswick of today and the future. First, municipalities would be seen as "taking over" non-incorporated areas, which would likely meet with some resistance from the populations of LSDs. In some parts of the province, because of the current configuration of local governments and LSDs, there could be competition between municipalities to annex the more populated and tax-rich areas, leaving behind "*unwanted territories*." Second, even in the best annexation scenarios, the tax base and population of several municipalities would not be greatly improved. Outside of the eight cities and some of the larger towns, the population and tax base of many municipal units would simply continue to be too small to respond effectively and efficiently to the new demands that are emerging in modern local governments. A significant number of municipalities would, therefore, remain non-viable or barely sustainable. Others might only be viable for a short period of time as they continue to be impacted by projected population movements toward larger centres. Third, the continuing existence of more than 100 stand-alone, general-purpose local government units for a population under 750,000 would do little to help deal with fragmentation, both in decision-making and service delivery. Service and infrastructure duplication would likely continue unabated as communities compete to maximize their share of limited financial resources. Fourth, service provision according to 104 different administrative boundaries would not always result in the most efficient and effective delivery of services. In the absence of a formal mechanism for inter-municipal collaboration, it is unlikely that service and cost-sharing would occur on a more frequent basis than it is now. Single service specialized delivery agencies, with their characteristic accountability and coordination weakness, would remain the only vehicles to effect inter-municipal collaboration. The lack of co-terminus regional boundaries between the various regional service delivery agencies (district planning commissions, solid waste commissions, and community economic development agencies) would continue to act as a barrier to service coordination and integration.

In summary, this option would not amount to transformational change.

Expanded local governments combined with regional service districts

Given New Brunswick's particular social, cultural and economic makeup, its special population distribution and geography, as well as its unique history and set of circumstances in local governance, it is unlikely that one will find a "*ready-made*" solution to meet our need for transformational change. We will be better served by designing our own governance model, one that will fit our particular conditions. We believe that the most appropriate solution to New Brunswick's present local governance issues sits somewhere between a limited number of very large unitary regional governments and a mere amplification of current local municipalities. It resides in a new framework that combines expanded local governments and establishment of regional multi-service districts (RSDs).

Primarily, and in keeping with the objective of provincial self-sufficiency, a new governance model should aim at achieving sustainability and becoming self-sufficient. In this context, serious consideration should be given to establishing minimum property assessment base and population thresholds that a community would need to meet to be incorporated as a municipality. No such criteria exist presently in New Brunswick, although the Department of Local Government has recently established non-legislated guidelines for the creation of rural communities. A minimum population of 2,000 and a tax base of $100 million have been tentatively established as the floor for rural communities. It should be realized, however, that rural communities constitute a limited form of local government. They do not immediately assume all of the responsibilities of a regular municipality. Assuming that, in the future, municipalities will continue

to offer the same array of services that most of them are providing now (which is well beyond the two mandatory services, i.e., policing and emergency measures, listed in the current legislation), we would argue that higher and more robust thresholds are needed.

We propose that either minimum population or minimum property assessment thresholds be considered as a requirement to form a municipality. Exceptions to this rule would be accepted only where isolation (e.g., islands) or scarcely populated areas (almost exclusively rural) would make the meeting of such criteria too difficult by imposing unreasonable travel time or distance on the residents of a municipality. Specific population and property assessment thresholds are recommended in Chapter 7.

Recommendation: 2

It is recommended that minimum population or property assessment thresholds be required in order for a community to be incorporated as a municipality, and that exceptions to this rule are strictly controlled.

By itself, adherence to the higher-level thresholds proposed in Chapter 7 would lead to a reduction in the number of municipalities. More importantly, however, the combination of these thresholds with the "*municipalization*" of all of New Brunswick would create a substantially new environment for the organization of local government. The basis on which municipalities are constituted would have to be fundamentally re-examined. As a result, the composition, or makeup, of most municipalities would be different than it is today. It would reflect the fact that most residents are now multi-community members and form part of a larger natural area of common identity and shared interests.

In practical terms, the combination of population and property assessment thresholds and of the "*municipalization*" of all of New Brunswick would mean the discontinuance of the present LSDs, villages and of most towns, and their grouping into new, larger municipalities. It would also entail some redrawing of the boundaries of the eight cities. Taking into account the above critical factors, the total number of incorporated general-purpose municipal governments (inclusive of the populations and territories of the present LSDs and rural communities) would be significantly reduced.

Prior studies on New Brunswick's local governance system have all recognized the very real difficulties caused by the absence of local government for more than a third of the population and by the very large number of local governance units that presently exist. More specifically, they have all acknowledged the challenge that small local government units face in being able to provide a reasonable range and level of quality services at acceptable property tax rates. They have all discussed annexations and increased regional collaboration as potential solutions, but none has gone the next step and proposed firm changes along those lines. This Commissioner believes that a firm action plan is required in this area.

Recommendation: 3

It is recommended that the present local service districts, rural communities, villages (with the exception of Campobello) and most towns be discontinued and reconstituted into larger municipal units and that the boundaries of the eight cities be redrawn to reflect the annexation of some of the present non-incorporated areas.

Under our proposal, outlined in more detail in Chapter 7, the size of individual local governments would be considerably increased and, therefore, made more viable. When municipal restructuring is completed, New Brunswick would not count more than 53 unitary municipalities. Each municipal council would represent an average of approximately 14,000 residents compared to about 4,521 now. The largest proposed reconfigured entity (the Greater Fredericton area) would have a population of approximately 79,000 residents. Property assessment for taxation purposes would vary among the proposed new or reconfigured entities from a low of $99.7 million to a high of more than six billion, the average being $779 million.

While a number of distinct communities would share a municipal council, we would propose that they preserve their community identity by keeping their name within the new entity. This is already the situation in the non-incorporated areas of the province. Also, wards designed within each municipality for the purpose of the election of councillors should, where possible, take the name of local communities. The name to be given to newly constituted entities should be determined locally. In order to strike a balance between local and municipal-wide interests, newly constituted municipalities should elect their councillors on the basis of a mixed system of wards and at-large. Generally, however, representation should be based on

population with each councillor representing a relatively comparable number of residents.

Because most municipalities would be composed of urban, suburban and rural populations and since the level of local services may vary considerably within the same municipality, existing provisions regarding differentiated tax rates within the same municipality would need to be used. Each municipality could decide exactly how such rates would apply depending on their particular situation. Residents within each municipality should be taxed for the level of services they receive. Such differential tax rates have been successfully implemented in the cities of Edmundston and Miramichi following the amalgamations in the 1990s. Several municipalities currently have what are commonly referred to as inside and outside property tax rates to account for variances in service levels.

Chapter 7 of this report identifies the factors that were considered in establishing the proposed 53 local governance units as well as an explanation of the methodology used in arriving at these groupings. A profile of each new or reconfigured unit is provided as an addendum to this report.

The second key element of our proposed new local governance framework relates to inter-municipal collaboration. Several local services could potentially be delivered more efficiently and effectively through a regional structure. In addition, other matters could be better addressed on this broader regional scale. For example, determining major infrastructure needs, protecting drinking water supplies, minimizing land use conflicts, protecting natural resources and agricultural land, policing and emergency preparedness are all issues that cross municipal boundaries. They all need planning and dialogue beyond individual municipal boundaries. They are regional issues that most often require regional responses or would benefit from a regional perspective.

When such issues cannot be addressed within the confines of unitary regional municipalities, or would benefit from a regional perspective, the alternative is to create some form of inter-municipal or cross jurisdictional mechanism. New Brunswick doesn't have such a mechanism although the need for it has been recognized in several major studies on local governance over a 40-year period, from **Byrne** (1963) to **CLURE** (1992) to the **Minister's Round Table on Local Governance** (2001). Instead of establishing such broad, cross-jurisdictional mechanisms, the practice has been to set up separate, single-purpose, regional entities (for solid waste management, land use planning and economic development) and other boards and commissions (such as water commissions, police commissions and facilities commissions) to deliver services on behalf of municipalities. We believe that New Brunswick local governance would be better served by more formally recognizing the need for inter-municipal collaboration on a broad range of issues and by establishing regional multi-service districts to serve that need. In the brief it presented to the Commissioner in June 2008, l'Association francophone des municipalités du Nouveau-Brunswick (**AFMNB**) supported this view. It states that *"...il est grandement temps de régler la problématique des multiples commissions et comités régionaux faiblement redevables, onéreux et peu propices à un développement intégré. Nous proposons de revenir au modèle proposé en 1992 par la* CUTER *pour la création des Corporations (ou Conseils) de services régionaux (ou de districts), qui régiraient l'ensemble des services municipaux d'intérêt commun"* (2008, p.14).

Chapter 8 of this report provides a description of the proposed regional multi-service districts and makes recommendations as to their organization, their composition and their governance.

Recommendation: 4

It is recommended that regional service districts be established to cover the entire province. Such regional service districts should exist only with the mandatory participation of municipalities and not as stand alone structures.

By adopting a hybrid (unitary municipal governments/regional multi-service districts) model of governance, New Brunswick would meet the important goals and objectives outlined earlier and correct most of the deficiencies of the present system.

Outline

Chapter 7
Organizing the Proposed Municipal Entities

7.1 Defining the Proposed Boundaries 83

7.2 Boundaries to Reflect *"Communities of Interest"* and other Factors . 84

Minimum population and property assessment base 84

Presence of an existing municipal structure 85

Current municipal, local service district and rural community boundaries 85

Growth and settlement patterns 85

Nature of the economy and employment 85

Daytime / night time populations 85

Location of service centres and general commuting patterns 85

Educational institutions (high schools) 85

Linguistic profile 85

Geography 86

Current municipal service and cost-sharing arrangements between entities 86

Recent and current interest in restructuring 86

7.3 Previous Reorganization Studies in Select Urban-Centred Regions . . . 86

7.4 Transitional Issues 89

Boundary review and confirmation 90

Naming the new entity 90

Determining council composition and ward boundaries 90

Budgeting and property tax rates 91

Service responsibilities 91

7.5 Further Directions 91

Transportation (road maintenance and capital) 91

Land use planning 92

Relations with regional service districts 93

Application of the Official Languages Act 93

Other local transitional issues 93

Redefining city, town and village status 93

Appendices

Appendix 1: Estimated Road Kilometres in Unincorporated Areas 93

Appendix 2: Entities Having to Comply with the ***Official Languages Act*** . . . 95

Chapter 7
Organizing the Proposed Municipal Entities

This chapter outlines the rationale used in determining the boundaries for the 53 proposed new or reconfigured municipalities listed in the addendum to this report. It also addresses transitional issues to be dealt with in the establishment of these entities including matters of representation, community identity, finances and service provision.

7.1 Defining the Proposed Boundaries

From a review of relevant literature, no firm standards have been established that would dictate what the criteria for effectiveness, efficiency and long term viability of a municipal government should be. Generally speaking, however, recognition of *"communities of interest"* and size (in terms of population, territory and tax base) are two important considerations.

The definition of *"community of interest"* used in this review is adopted from Fulcher (1989) and was discussed in Chapter 2 of this report. It encompasses three broad and distinguishable dimensions: one that is perceptual (subjective), another that is functional (objective) and a third that is political. Each dimension relates to different qualities and measurements. From a perceptual dimension, *"...a community of interest can be said to exist where people feel an affinity or compatibility with the area and the people who live there. They see each other as having like interests and value systems and often equate that sense of identity with the "local" in local government."* From an objective dimension, *"... it looks at the existing functional relationships between people living in the same area. This has conventionally been a measure of local activity patterns where people go to shop, bank, school, church, play sport and socialize"* (1989, Part 1). The political dimension refers to the ability of a local government organization to engage and represent its constituents. Fulcher notes, *"Local government's mandate is to act as the voice of local opinion. That voice should be representative of all the people who use and/or contribute to the facilities and services provided by the Council. It must be able to represent and reconcile differing interests, which will require public confidence in its leadership."* For the concept of *"community of interest"* to be useful as a guide to determine

municipal boundaries, these three dimensions need to be taken into consideration.

As it relates to size, the literature is also of limited assistance in coming to grips with boundaries. Some academics have suggested that the optimal size for a municipality is one having a population of 5000 to 10,000. However, this would likely depend on a variety of factors such as geographical size, population density, the health of the economic base and trends in population growth or decline. The wide range of municipalities that exist across the country in terms of geographic size, population and tax base suggests that coming to such conclusions is a near impossible task. However, we determined that baselines were required as a starting point to ensure that the proposed entities would not find themselves with immediate or long-term issues relating to viability, or both, and in particular, problems of financial capacity and citizen participation.

7.2 Boundaries to Reflect *"Communities of Interest"* and other Factors

Keeping in mind the above definitions and observations, several factors were considered in arriving at the boundaries proposed in this report for the 53 new or reconfigured municipalities. These included the following:

Minimum population and property assessment base

Here, two key baseline criteria were identified:

- A minimum property assessment base[1] of $200 million; or
- A minimum population of 4,000.

The minimum assessment base threshold of $200 million was determined by considering several factors. One of the considerations was simply the financial capacity that such an entity would have in order to conduct its business. Access to an assessment base of $200 million should give municipal councils the financial capacity to develop a budget that allows for adequate levels of service to their residents at an appropriate level of taxation (with such a base, an increase of one cent on the tax rate would raise an additional $20,000 in revenue for the municipality). It should also provide some budgetary flexibility to allow for appropriate staffing levels, to consider new programs and adjustments to services, to more fully participate in federal/provincial infrastructure renewal programs and to accommodate evolving standards for various services. Such an assessment base should also give a municipal government entity some ability to withstand changing economic circumstances (e.g., the closure of a major industry). As was mentioned in Chapter 5, many current municipalities and LSDs have tax bases well below $100 million and this significantly impacts their revenue raising capacity and ultimately, their ability to be reasonably self-sufficient in financial terms. In fact, many municipalities and local service districts find themselves in a situation where they have very high property tax rates relative to the quality and quantity of services being provided.

The $100 million threshold presently used for the establishment of a rural community was deemed too low for the proposed new or reconfigured municipal entities. This initial figure was arrived at by considering the property tax burden resulting from additional governance and administrative costs associated with the establishment of a new rural community, along with assuming responsibility for municipal services other than policing and transportation (roads). Given that the proposed municipal entities would be assuming immediate responsibility for all municipal services, it is our view that doubling the minimum to $200 million would be appropriate.

The population threshold of 4,000 was determined primarily as a result of considering data collected regarding the relationship between current population levels and civic engagement. As the data in Chapter 5 shows, in municipalities with relatively small populations (fewer than 2,000), the number of acclamations was much higher than in those with higher population levels. There is also evidence that small municipalities and LSDs are experiencing difficulty in the recruitment of volunteers to participate in various local governance activities, including recruiting for volunteer fire protection services. To provide greater certainty in terms of both the ability to field candidates for elected offices and participation in other local government volunteer activities, it was determined that a minimum population of 4,000 should be attained. In addition, such a base should also have some resilience as the population in New Brunswick generally ages and in specific cases where population declines are expected to continue.

1 Assessment base is the total assessed value of residential and non residential properties. The tax base is calculated as the total assessment of taxable properties plus 50 per cent of the value of non-residential properties.

It must be noted that in a few situations, some of the proposed new entities do not meet one or both of the thresholds. Particular circumstances relating to geography (e.g., islands, long distances between some communities) were too significant to recommend that they be part of another entity. In configuring the 53 proposed entities using the criteria of assessment and population, three entities do not meet either of these thresholds while four do not meet one or the other.

It is recognized that there will continue to be a wide range among the new and reconfigured entities in terms of populations and assessment bases. However, in relative terms, the gap would be narrowed (compared to present local governments and LSDs) between the smallest and the largest entities. This relative balance becomes particularly important as municipalities work together more and more through the proposed regional service districts. All municipalities will be significant financial partners in the regional service districts and they will all represent substantial populations.

Presence of an existing municipal structure

In addition to this baseline criteria, it was determined that at least one previously existing municipality should form part of each of the new municipal entities. This would help ensure that as the new entity was being established there would be some basic infrastructure in place (e.g., personnel, office, and equipment) to assist in the transition phase. This would be particularly important as the new entities establish their first budgets and begin to assess how services are to be integrated and managed locally. The experience in the establishment of the rural community of Saint-André (which combined a village and a LSD) suggests that the transition to the new entity benefitted significantly from having a well established administrative structure already in place. It should be noted that the only proposed municipal entity that could not meet this requirement is Campobello (entity No. 43), which could not be accommodated given its island status and the associated accessibility issues.

Current municipal, local service district and rural community boundaries

An important consideration in the determination of potential new boundaries was the current alignment of municipal, LSD and rural community boundaries. These existing boundaries, in fact, provided a starting point for the review.

Growth and settlement patterns

New Brunswick is marked by various growth and settlement patterns. In some areas recent growth and settlement (both residential and commercial) has occurred largely on the periphery of municipalities while in others it has occurred in a more linear manner on long stretches of roads. In yet other instances, the focus of growth has been contained within suburban municipalities. These patterns of development served, in some cases, as reference points as to where boundaries should or should not be located.

Nature of the economy and employment

Commonality of an area can also be partly established on the basis of where people are employed and on what types of businesses drive the local economy.

Daytime / night time populations

Statistics Canada provides information on the population of communities in the daytime and at night time. This is an important dimension in establishing where people typically travel within an area for work, as well as for leisure and other services. This movement of people helps to define community affiliations.

Location of service centres and general commuting patterns

The role of existing entities as service providers (e.g., recreation, employment, shopping, public and private services) was another important factor in the examination of boundaries and identifying community affiliations.

Educational institutions (high schools)

The location of educational institutions, particularly high schools, was taken into consideration in the examination of boundaries. The location of high schools is in many cases one of the key features of a service centre and is an indicator of where the populations gravitate for services generally.

Linguistic profile

Language was another factor considered in the boundary analysis. Most of the proposed new municipalities would be essentially homogeneous, either English or French, linguistically. Some, however, would have a substantial percentage (20 per cent or more) of their

population claiming the other official language (either French or English) as their mother tongue.

Geography

In some instances, geography was a significant factor in determining boundaries. By geography, we mean both distance from other administrative entities as well as the physical characteristics (e.g., water courses, forest) of the entity. For example, some entities were not connected to a larger one because they were simply too far away. In other cases, access was an issue (e.g., the islands of Campobello and Grand Manan).

Current municipal service and cost-sharing arrangements between entities

An important consideration for the evaluation and determination of potential boundaries was the existence of service and cost-sharing arrangements between municipalities, LSDs and rural communities. Such arrangements provided an indication of a willingness to work together and can serve as a basis on which to build further cooperation.

Recent and current interest in restructuring

Several LSDs and municipalities have recently expressed an interest in pursuing restructuring of some sort. This has included the establishment of a rural community or the annexation of some unincorporated areas to a municipality. This information provided a signal that some communities were ready to at least consider some structural changes.

It should also be acknowledged that local services managers with the Department of Local Government were consulted and provided valuable assistance and *"on the ground"* knowledge that was very helpful in the process to determine the potential realignment of local boundaries. However, it must be emphasized that the final decisions with respect to the boundaries presented in this report rested exclusively with the Commissioner.

7.3 Previous Reorganization Studies in Select Urban-Centred Regions

In addition to the above noted factors, our review took into consideration previous area-specific restructuring studies conducted in New Brunswick. It is important to emphasize that in this province adjustments to the number and size of municipal entities have been made over time on an incremental basis and without the benefit of a comprehensive and province-wide roadmap for the development of modern and effective local administrations. Boundary changes have either been initiated by individual municipalities of their own will or have resulted from targeted initiatives periodically directed by the provincial government. On at least two occasions since the 1970s the provincial government directed that targeted studies of municipal reorganization be undertaken. The first set, led by Prof. H. Carl Goldenberg, concerned the municipalities of Moncton (1971) and Fredericton (1971). They led to significant boundary adjustments (annexations/mergers) in both municipalities. The second round of special studies was launched some 20 years later following the release of a government discussion paper on municipal restructuring. Entitled **Strengthening Municipal Government in New Brunswick's Urban Centres** (December 1992), this paper focused on local governance in the urban centres (the six cities of the time - except Fredericton and Bathurst - plus the Miramichi region). Considering *"mass local government restructuring efforts"* as *"disruptive and divisive,"* the paper proposed feasibility studies of local government restructuring in a limited number of urban-centred regions over a period of time.

Bodies were established to conduct feasibility studies in six geographic areas (Edmundston, Campbellton, Dalhousie, Miramichi, Moncton and Saint John). In each instance, a panel composed of local representatives, and supported by expert consulting staff, was constituted. The studies, all completed between 1994 and 1997, made specific and important recommendations for each urban-centred region. While their advice was followed closely in only two cases (the Miramichi and Edmundston areas where important mergers took place at the instigation of the provincial government), it is our view that the conclusions they reached and the recommendations they made for the other areas remain largely valid today. In some instances, socio-demographic and economic changes that have since occurred only serve to reinforce their conclusions. In other cases, however, changes that have since taken place indicate that they were perhaps too timid in the actions they contemplated.

Collectively, these studies constitute an important body of evidence that needs to be taken into consideration in proposing a reorganization of local governments for the future. To help explain our own recommendations for each of the regions of Campbellton, Dalhousie,

Moncton and Saint John, we will briefly examine and comment on the conclusions that were reached in relation to each of those areas.

In the Campbellton area (the municipalities of Campbellton, Atholville and Tide Head), a Commissioner (Donald Richard) assisted by a nine-member Community Advisory Committee concluded that amalgamation was *"... the optimal solution for the Campbellton Study Area."* In the panel's view, it would *"... promote self-sufficiency and sustainability and would create an environment that fosters the economic and social well-being of the community"* (1997, p. 117). The study observed that the residents of the three municipalities *"...formed a strong community of interest in that they contend with the same daily realities and share the same desire of creating a strong, stable economic, social and cultural environment"* (1997, p.116). It also noted that *"... the vast majority are employed in one of the three communities and take advantage of area-wide facilities, services and programs"* (1997, p.116).

Since then, the rationale for the amalgamation option has, in our view, been strengthened. The three communities have become even more integrated economically, socially and demographically. Furthermore, Campbellton has lost population to the point where it no longer meets the required population (10,000) for city status. As well, the broader geographic area around the three municipalities has also experienced a decline in population. **In our view, the changes of the last 10 years now make amalgamation the only viable option for the area. Therefore, our recommendation for the reorganization of municipal government in that area, while going further, is built on the amalgamation scenario.**

In the Dalhousie area, the work of Commissioner Cécile Horrelt, which was supported by a Community Advisory Committee made up of people recommended by the municipal councils, covered the three municipalities of Dalhousie, Charlo and Eel River Crossing. In this case, while the Commissioner's preferred option was a regional structure for managing shared services between the municipalities of the immediate Dalhousie region (including LSDs in the area), she did not conclude that amalgamation would not work. She conceded that in such a *"...relatively small and sparsely populated area, it would be easy to set up one local government"* and that *"numerous benefits could be gained from an amalgamation of the communities"* (1997, p.75). Given the events that have unfolded recently, it is reasonable to believe that she would come to a different conclusion today in terms of a preferred option. Indeed, the erosion of the region's economic and tax base resulting from the recent closing of forest related industries in combination with the significant decline of the population of the three municipalities (as well as of the surrounding communities), now justify bolder actions. **Therefore, our recommendation is that local governments in the broader lower Restigouche region be reorganized on a much wider scale and that there be sharing of certain services among the municipalities of the larger Restigouche region.**

The Moncton area study, concerning the municipalities of Moncton, Riverview and Dieppe, was conducted by Louis Malenfant and John C. Robison with the assistance of a Community Advisory Committee made up of representatives nominated by the three municipalities. The co-commissioners analyzed the socio-demographic and economic conditions of the Greater Moncton area and concluded that *"...the Greater Moncton Urban Community is comprised of three proud and distinct municipalities working together on joint ventures to bring about regionalized services for the benefit of all its citizens"* (1994, p. 76). They worried openly that a restructuring would bring a risk of disruption and opted for *"...formalizing the modus operandi of municipal leadership through a joint services board"* (1994, p. 76). The joint services board would, however, exist at the pleasure of the three municipalities.

The study emphasized *"the element of choice inherent in the three distinct sister communities working in close harmony."* It considered that element as *"...very attractive options to prospective residents and corporations in locating in the Maritime provinces."* (1994, p. 22). This element of choice was nowhere more evident than with the Acadians and francophones who chose Dieppe as their place of residence. *"They chose Dieppe for its strong francophone composition and well implemented bilingual services"* (1994, p. 22), the report noted.

The distinct character of Dieppe has been reinforced by a number of developments that have occurred since the Moncton area study was completed. In New Brunswick, francophones' right to be individually served in their language in all public services has been entrenched in the Canadian Constitution. More importantly, this individual right to service has been complemented by a collective right to minority language institutions. This new legal and constitutional environment would likely make an amalgamation of the mainly francophone community of Dieppe with the larger Moncton anglophone community difficult to accomplish.

The co-commissioners' faith in the ability of the three municipalities to voluntarily share a broad range of services on an inter-municipal basis proved to be illusory. Not only was the Greater Moncton Services Board short-lived, but the three municipalities have since evolved largely independently of each other. Several facilities and services (such as the Moncton Coliseum and Agrena Complex, the Moncton Museum and water infrastructure), for which the panel had high hopes for regionalization and equitable cost-sharing, are still funded and managed by a single municipality today. In the high profile area of police protection, the Greater Moncton Services Board failed to achieve a workable arrangement between the three municipalities and, in the end, the provincial government had to impose a solution.

While it is acknowledged that there has been cooperation and cost sharing of a number of services in the Greater Moncton area (as many as 10 service-specific joint services boards or commissions are in place in this area), this cooperation has tended to occur on a sector-by-sector basis, with no significant connections between each of them. **We are recommending that for this area, as with every other region across the province, there be a formalized structure that will facilitate service and cost-sharing for certain designated services. Our proposal for the Greater Moncton area also keeps Moncton, Dieppe and Riverview as separate municipal entities. Although the three municipalities are viable as separate entities, one can argue that Moncton and Riverview[2] do not (culturally, economically and socially) form distinct communities and that they should be amalgamated. That is certainly an option that the residents of the two municipalities should seriously consider, but mandatory service-sharing on a broader regional basis will be necessary regardless of the number of municipalities in the immediate Greater Moncton area.**

The Greater Saint John area study was accomplished under the leadership of Commissioner E.F. (Skip) Cormier and included the nine municipalities of East Riverside-Kingshurst, Fairvale, Gondola Point, Grand Bay, Quispamsis, Renforth, Rothesay, Saint John and Westfield, in addition to some adjoining LSDs. As with similar studies in other areas of the province, a Community Advisory Committee (consisting of 18 members, some of them councillors of the existing municipalities) provided advice to the Commissioner. The challenge, wrote the Commissioner, was *"...to find the correct municipal structure that would allow for the delivery of certain services on a regional basis and would, in the long run, be more cost-effective, but to do so while maintaining maximum accountability to locally elected officials"* (1997, p. 31).

As the title of his report suggests, the Commissioner saw the Greater Saint John area itself as forming a community (socially, economically and culturally). His preferred reorganization option, therefore, was one single municipality for the region, contingent upon a number of conditions being met. Another viable option in his view was *"... to consolidate the existing nine municipalities in the region and some peripheral areas into three municipalities"* (1997, p.31). However, in the opinion of the Commissioner, for this option to be viable, it would have been necessary to legislate the regionalization of certain services for the Greater Saint John area. This is the *"three communities with regionalization of services"* option (1997, p. 31).

As we now know, neither of the two options was implemented. Rather, the provincial government chose to proceed with partial consolidations and opted to legislate cost-sharing for five specific regional facilities (the Aitken Bicentennial Exhibition Centre, Canada Games Aquatic Centre, Harbour Station, Imperial Theatre and the Saint John Trade and Convention Centre). Economic and social development that has occurred since is such that the residents of the Greater Saint John area have now more in common than ever before. There is little doubt that they now form an integrated economic and social unit. The present municipal boundaries are clearly not aligned with the social and economic fabric of that broader community. Such misalignment, however, is not unique to the Saint John area. And while it is recognized that a unitary regional municipality embracing all of the Greater Saint John community would likely be the most effective reorganization option today, we feel that it is a conclusion that the residents of that region have to come to themselves. Without clear signals to that effect from the communities involved, it would be difficult to counsel regional municipal government for one area of the province only. **Our proposal for Greater Saint John aligns closely with the *"three communities with regionalization of services"* option presented in the Cormier report. While it will not take advantage of all existing opportunities, the establishment of a regional service district for the Greater Saint John area will provide a formal mechanism through which area-wide issues will be discussed and resolved. It will also allow for the planning and coordination of future**

2 The town of Riverview has a tax and population base larger than that of certain cities. However, by all accounts, it is very much a bedroom community of Moncton where most of its employed residents work.

infrastructure needs for the region, while placing accountability in the hands of elected officials.

Unlike other major urban areas of the province, Fredericton was not the subject of a restructuring study in the 1990s and has not seen any significant reorganization in 35 years. The last amalgamation/annexation, much like in the Greater Moncton region, took place in 1973, following the Goldenberg report. Residential, industrial and commercial development outside of the city's boundaries has been allowed without much planning or control. A village, New Maryland, was created on the city's doorstep in 1991. Today, Fredericton and the surrounding area constitute one of the regions requiring the most significant restructuring. **In this case, it is being recommended that a large, currently unincorporated area, along with the municipalities of New Maryland and Harvey, be annexed to the City of Fredericton.**

Socially and economically, Fredericton, New Maryland and much of the surrounding non-incorporated areas are highly integrated. This integration is revealed in many different ways but particularly by the daytime/night time data as well as the place of work information collected by Statistics Canada (see data in Chapter 5). Fredericton's influence in terms of employment and service extends to a large geographic area, including communities as far away as Harvey. There is no doubt that many of the residents living just outside of Fredericton benefit significantly from the services provided within and by the City of Fredericton. Rather than allowing a repetition of the scenario that has occurred in the Saint John and Moncton areas, where large towns and cities have developed in competition with an existing major urban centre, we believe that the residents of the Greater Fredericton area would be better served by one local government. As with our other proposals for other areas of the province, such a reorganization, which we believe is long overdue, will foster better control of development and bring about greater and fairer cost-sharing in terms of local services. Had a study of the Fredericton area been conducted in the 1990s, as was the case in most other urban centres, we are confident it would have come to similar conclusions. Developments that have since occurred only serve to reinforce our convictions.

By comparison, the changes proposed for the Edmundston and Miramichi areas are smaller, given the extent of restructuring that took place in the 1990s. Our proposals simply build on the substantial restructuring that took place and this time focus exclusively on annexations of currently unincorporated areas that have strong ties to these two cities. In the case of Bathurst, we are again suggesting annexation of currently unincorporated areas, but not to the extent being proposed for Fredericton. In addition, we should emphasize that the four francophone municipalities immediately north of Bathurst have cooperated in a variety of ways, thus making them, in our opinion, more of a natural grouping than including them as part of an expanded City of Bathurst.

7.4 Transitional Issues

For each of the 53 proposed new or reconfigured municipal entities, the previously noted factors were considered. In some cases, the predominant feature was that employment was found almost exclusively within the proposed new entity. In other cases, the predominant feature was the nature of settlement in the area and location relative to other entities. In yet other instances conclusions reached by previous studies conducted in the geographic areas in question were followed. Profiles for each of the proposed 53 municipal entities are found in the addendum to this report. Each profile includes a statistical overview and a brief written description of the proposed entity.

It is important to emphasize that most of the proposed municipalities would be formed out of existing municipalities, rural communities or local service districts that would be dissolved and consolidated. In a limited number of cases, mainly around cities, small municipalities and some LSDs would be annexed to the existing larger entity. The latter approach is based on the fact that amalgamation of municipalities adjacent to an existing municipal entity was the only viable option (e.g., Fredericton) or because the territory and population to be annexed were considered to be part of the immediate zone of influence of the entity in question (e.g., Miramichi and Edmundston).

The process to arrive at the 53 proposed municipal entities was not an easy one and it is recognized that these boundary proposals may not be perfect. Indeed, establishing boundaries is not a precise science. It is therefore proposed that a process be initiated that would allow for feedback on the boundaries. We would suggest that feedback on the proposed boundaries of each entity be heard by an independent third party (possibly a permanent municipal affairs commission), which would have several responsibilities including this initial boundary review and confirmation process. This municipal affairs commission would be responsible for confirming local boundaries. The potential

role of this municipal affairs commission is more fully elaborated upon in Chapter 12.

Recommendation: 5

It is recommended that a process be initiated whereby the affected communities would have an opportunity to present their views regarding the boundaries of the 53 proposed new or reconfigured municipalities to a municipal affairs commission.

In the transition to the new or reconfigured entities there will be several matters requiring very careful local attention and review. It is suggested that provisional committees for each of the proposed 53 local municipal entities be established. Further details regarding the makeup of these provisional committees are outlined in Chapter 14 of this report. Each of these provisional committees would have a mandate to deal with several key transitional matters including, but not necessarily limited to, the following:

- Facilitating the review of the proposed boundaries and presenting to the municipal affairs commission its findings;
- Determining the name of the new entity;
- Determining council composition; and
- Defining the ward boundaries.

Boundary review and confirmation

The provisional committees would have the lead role in the review and confirmation of the boundaries of the new or reconfigured entities. This would involve consulting the public and in many instances, having discussions with provisional committees in neighbouring areas. In instances where local consensus could not be achieved regarding the alignment of the boundaries, these provisional committees would present their findings to the municipal affairs commission, which would render a decision.

Naming the new entity

The creation of the proposed new municipal entities represents consolidation of existing local administrative units. Therefore, one of the first tasks of the provisional committees will be to propose a new name for the newly created municipality. It is proposed, however, that current community names within the new entity continue to be recognized as much as possible. Based on experiences of previous restructuring initiatives in New Brunswick and in other provinces, the preservation of community names requires special consideration. For example, the Cape Breton Regional Municipality in Nova Scotia, which came about as a result of a large-scale amalgamation in the 1990s, has made significant efforts to retain smaller community identities and names, even though it is one administrative unit. This measure is seen as an important and beneficial step in building acceptance of the new regional municipality. Effectively, the Cape Breton Regional Municipality is a "community of communities," as its motto states. The experiences in the restructuring that took place in the Edmundston area in 1997-98 also illustrate the importance of names and community identity. Residents from the affected communities made it clear that community names should continue to be used and recognized, even though a new larger local government entity was being created.

As new and reconfigured municipal entities are established, it is our view that smaller communities that have been brought together for the purposes of local governance and local service delivery under one administrative unit should continue to be recognized through various measures. Along with ensuring appropriate representation at the council table, such measures may include, but should not be limited to, establishing special community advisory committees for various municipal matters, developing appropriate signage, and undertaking various and ongoing public consultation exercises aimed at ensuring that the communities' views are being heard. This is very important because as communities come together their local priorities will vary sharply in many cases. At the end of the day, while larger local governments may be formed to govern communities, smaller local communities will continue to exist and have continued significance and meaning for their residents.

Determining council composition and ward boundaries

Council composition for each of the new and reconfigured municipal entities will have to be determined. It is proposed that the provisional committees established for each of the 53 municipal entities take on this role. These committees would be mandated to formulate the desired council composition including its overall size, the number of councillors to be elected at-large and those to be elected on a ward basis.

The provisional committee would also be responsible for identifying the boundaries for each of the wards in the new entity. Unless there are

extenuating circumstances, wards for the new entity should not vary by more than 25 per cent from the average ward population, which will ensure a degree of balance on the municipal council. It is also proposed that all new municipal councils be made up of a combination of councillors elected on an at-large basis and on a ward basis. This will provide a balance between ensuring that the interests of all areas of the municipality are well represented and that over-arching perspectives are also brought to the table. Once the first mandate is completed, a by-law could be enacted by the newly elected municipal council to adjust council composition for the next election (including a movement to a completely at-large system or a completely ward-based system).

Provisional committees should also consider establishing wards that would cross former administrative boundaries. If wards are aligned exclusively on former municipal, rural community and LSD boundaries, it may promote division rather than bringing the new entity together. This approach was used when the Regional Municipality of Queens was formed in Nova Scotia in the mid 1990s, and proved to be beneficial in building the new administrative entity and creating an environment of cooperation rather than competition.

Recommendation: 6

It is recommended that a provisional committee for each of the proposed entities be established with the following mandate: review and confirmation of the boundaries and name of the new or reconfigured entities, determination of the council composition, including its overall size, and determination of the number of councillors to be elected at-large and on a ward basis. It is also recommended that this provisional committee be mandated to determine the number of wards required and their boundaries.

Recommendation: 7

It is recommended that the composition of the new municipal councils be based on a combination of councillors elected at-large and on a ward basis and that such composition be initially determined by the provisional committees. It is further recommended that populations of wards within a municipal entity not vary by more than 25 per cent from the average ward population, unless there are extenuating circumstances.

Budgeting and property tax rates

Once established, the new and reconfigured municipal entities will have to work quickly to develop a budget reflecting the new area to be covered. This new budget will have to reflect the service differences that will inevitably exist as former municipalities, LSDs and rural communities come together. While general government and administration could be integrated relatively quickly, it is the other services that will take more time to integrate (e.g., fire prevention and suppression, recreation). In order to deal appropriately with service level differences (including related debt), it is proposed that new and reconfigured municipal councils put in place, where appropriate, differential property tax rates. Such rates could be classified as urban, suburban and rural. These differential rates could be harmonized over time as service provision becomes generally equalized across the new entity. Such a measure should help property owners adjust to being part of a new entity and to new tax rates. Refer to Chapter 10 for related recommendations.

Service responsibilities

The newly created municipal entities would be responsible for the provision of all municipal services within the new entity. The only exception would be the provision of transportation services (road maintenance and capital) to the formerly unincorporated areas. Also, certain services would be regionalized via the proposed regional service districts (refer to Chapter 8). Municipalities would be obliged to participate in the funding of these regionalized services. However, it must be emphasized that regional service districts would effectively be working on behalf of municipalities for the provision of these services. Municipal officials would, therefore, be responsible for ensuring that the services provided on their behalf by the regional service districts were fulfilling the needs of their respective communities.

The following provides further direction and information regarding some specific service areas relating to the transition to the new or reconfigured municipal units.

7.5 Further Directions

Transportation (road maintenance and capital)

The responsibility for roads in the formerly unincorporated areas would remain with the provincial government. In addition, the responsibility for roads designated as "regional" within former villages

would continue to reside fully with the provincial government. The primary reason for this continued provincial involvement in roads is the significant cost implications for tax payers in individual municipal units.

For many of the proposed municipal entities, immediately assuming 100 per cent responsibility for roads recognized as "*local*" in former LSDs, as well as cost-sharing at 50 per cent, for "*regional*" roads in the former LSDs and villages, would place a tremendous financial burden on them. In fact, it would likely render many of the new municipalities unviable. Appendix 1 of this chapter provides an estimate of the road kilometres (regional and local) in the currently unincorporated areas in the proposed new and reconfigured entities.

The transfer of responsibility for local roads and regional roads currently located in unincorporated areas to municipalities should only be considered once the new municipal entities have had several years to establish themselves. During this time, the provincial government, through the Department of Transportation, should undertake a much more detailed analysis of the road network. This would entail a re-examination of road classification (i.e., determining which roads are truly local, regional and provincial). To ensure appropriate designation, this analysis should be undertaken with the input of municipalities or the regional service districts, or both. The condition of local and regional roads in the unincorporated areas would also have to be considered as part of this assessment to determine potential cost implications properly. In addition, the Department of Transportation should build on the work conducted by the Office of the Comptroller to identify the actual costs of maintaining local and regional roads in the unincorporated areas, with a view to moving toward full cost recovery. This work would be critical if municipalities were eventually to assume some level of responsibility for these roads. Chapter 10 speaks more fully to the issue of cost recovery and property taxation for services in currently unincorporated areas.

Recommendation: 8

It is recommended that the responsibility for local and regional roads in the currently unincorporated areas remain with the provincial government for several years following the establishment of the new or reconfigured municipalities. It is further recommended that the provincial government continue to have full responsibility for regional roads in current villages for several years following the establishment of the new or reconfigured municipalities.

Land use planning

As the new and reconfigured local government entities are formed, consideration will have to be given to the issue of obtaining land use planning services. In some cases, there will be new entities established in which all the former administrative units will have received their planning services from one planning commission. In other cases, the former administrative units within a new entity may have received their planning services from their own municipal councils or from a planning commission. Given that land use planning services will be available through the regional service districts (district planning commissions would be dissolved and their staffs reassigned to the regional service districts – refer to Chapter 8 for more details), we would propose that a transition plan be developed that would ensure continuance of local land use planning services as the regional service districts are established and the new or reconfigured municipal entities are created. For the long term, the new municipal entities will have to decide whether they acquire their local land use planning services from the regional service district, from their own planning department, from another municipal entity or from a private firm.

At a minimum, we would propose that every municipality establish a planning advisory committee (PAC) so that the regional service district does not have to get involved in what are considered very local land use planning matters.

Recommendation: 9

It is recommended that a transition plan be developed by regional service districts to address specifically how local land use planning services are to be delivered as the new or reconfigured municipal entities are established.

Recommendation: 10

It is recommended that every new or reconfigured municipal entity be required to establish a planning advisory committee. It is further recommended that careful consideration be given to the respective roles of the development officer, the planning advisory committee and the municipal council in order to ensure an appropriate and effective balance in the division of responsibilities between them in matters of land use planning.

Relations with regional service districts

Each of the proposed new or reconfigured municipal entities would belong to one of 12 regional service districts. The regional service districts, described in more detail in Chapter 8, would have as their mandate the responsibility for providing and/or arranging five services on behalf of municipalities on a regional basis. These services would include policing, emergency measures planning, economic development, planning, and solid waste management. Municipalities would be responsible for naming their representatives to and funding their share of these regional agencies.

Application of the Official Languages Act

As the new and reconfigured local entities are established, the application of the *Official Languages Act* will have to be considered. It is our view that the present rules determining whether or not a municipality must follow the provisions of the *Officials Languages Act* and its associated regulation should remain in place for the new or reconfigured entities. In other words, if there is an English or French minority population of 20 per cent or more within the entity or if the new or reconfigured entity has city status, the *Official Languages Act* will apply. Appendix 2 of this chapter provides a summary of those proposed municipal entities to which the *Official Languages Act* applies, based on the above-noted premises.

Recommendation: 11

It is recommended that the provisions of the *Official Languages Act* and its associated regulation apply to the new or reconfigured municipal entities.

Other local transitional issues

There is no doubt that, should the government accept to move forward with the municipal restructuring contemplated in this report, there are many issues in the transition that will have to be resolved at the local level. Some of these include the handling of collective agreements, dealing with a variety of human resource questions including the hiring of staff for the new entity, the consolidation of offices and equipment, and most significantly, beginning the process of harmonizing or integrating the various services of the new or reconfigured municipality, or both. We would advise that the provisional committees undertake some of this preliminary work so that when the new council is elected, there would at least be a framework in place upon which it could build.

Redefining city, town and village status

As previously described in Chapter 4, the *Municipalities Act* provides that the Lieutenant-Governor in Council may incorporate a town having a population of 10,000 or more as a city. It also provides that on the recommendation of the Minister, the Lieutenant-Governor in Council may incorporate a village as a town where it has a population of 1,500 or more and provides a level of services that the Minister considers adequate. These criteria, which have been in place since 1966, would have to be revisited, given the substantive changes being proposed in terms of the new or reconfigured local government entities. Furthermore, the use of the terminology of *"city," "town", "village"* and *"rural community"* will require rethinking. This being the case, we would advise that the provincial government, through the Department of Local Government, review this matter and determine an appropriate classification mechanism.

Recommendation: 12

It is recommended that the provincial government, through the Department of Local Government, undertake a re-examination of the terminology and the criteria used to classify the new and reconfigured municipalities.

Appendix 1: Estimated Road Kilometres in Unincorporated Areas

Municipal Entity	Estimated regional road kms in the current unincorporated portion	Estimated local road kms in the current unincorporated portion	Estimated total
1	42	113	155
2	-	194	194
3	3	199	201
4	14	147	161
5	103	421	524
6	10	137	147
7	38	70	108
8	12	29	41
9	4	36	40

Municipal Entity	Estimated regional road kms in the current unincorporated portion	Estimated local road kms in the current unincorporated portion	Estimated total
10	11	137	149
11	86	120	205
12	62	143	206
13	20	46	66
14	36	73	109
15	18	32	50
16	19	120	139
17	38	106	144
18	152	306	459
19	37	203	239
20	8	116	124
21	40	122	162
22	27	154	181
23	41	362	403
24	49	188	237
25	54	171	225
26	31	504	535
27	2	100	101
28	37	112	150
29	32	119	151
30	73	286	360
31	-	3	3
32	3	9	12
33	-	47	47
34	0.04	267	267
35	72	834	906
36	72	269	341
37	13	226	239
38	17	163	180
39	69	145	214
40	15	86	101
41	-	84	84
42	59	-	59
43	14	49	63
44	71	226	297
45	0.09	224	224
46	45	384	429
47	89	277	366
48	35	354	389
49	113	402	515
50	89	281	369
51	111	440	551
52	13	174	186
53	41	478	520
	2,042	**10,286**	**12,328**

Source: Department of Transportation (2008).

Appendix 2: Entities Having to Comply with the *Official Languages Act*

RSD Number	Municipal Entity Number	Reason
1	2	City of Edmundston
2	7	38 % English minority
	8	29% English minority
3	11	City of Bathurst
4	n / a	n / a
5	18	City of Miramichi
6	23	45% French minority
	25	25% English minority
7	27	City of Moncton
	28	32% English minority
	23	City of Dieppe
8	n / a	n / a
9	40	City of Saint John
10	n / a	n / a
11	49	City of Fredericton
12	n / a	n / a

Note:
Regional service districts should comply with the *Official Languages Act* if; a) there is an English or French minority population of 20 per cent or more region-wide, or b) one of its member municipalities has an English or French minority population of 20 per cent or more, or c) one of its member municipalities is a city.

Outline

Chapter 8
Building Capacity through Regional Collaboration

8.1 Regional Service Districts and Boards 98
8.1.1 Purpose 99
8.1.2 Organization of the Regional Service Districts 99
Proposed boundaries 99
Governance/decision-making structure 100
Regional service district board's responsibilities. 102
8.2 Service Provision through Regional Service Districts. 103
8.2.1 Planning Services 104
Local land use planning 104
Regional strategic plan 104
8.2.2 Solid Waste Management Services 106
8.2.3 Policing Services. 106
8.2.4 Emergency Measures. 107
8.2.5 Economic Development 108
8.2.6 Other Services and Functions – Regional and Sub-Regional 110
Major facility cost-sharing 110
Fire prevention and suppression 111
Water and wastewater systems development and management 111
Tourism promotion 112
Transit services. 112
Corporate services 113
8.3 Addressing Cross-Boundary Issues through the Regional Service Districts 114
8.4 Building Regions through Regional Service Districts. 114
In Summary 114
Appendices
Appendix 1: Current Boundaries of the Solid Waste Commissions, District Planning Commissions and Community Economic Development Agencies 115

Chapter 8
Building Capacity through Regional Collaboration

A reduction in the number of governance units from more than 300 to 53 would significantly improve the viability of local governments in New Brunswick. However, the creation of these larger geographic and more populous municipal units constitutes only part of the solution to local governance challenges in the province. The vast majority of New Brunswick's proposed new or reconfigured municipal units, although larger than most present local government entities (in terms of geographical area, population and assessment base), would still be, by Canadian standards, relatively small. This means that there will still be room for the new or reconfigured municipalities to work together and achieve the benefits of sharing the more costly services. Also, planning, as well as decision-making more generally, would remain relatively fragmented both geographically and by sector.

To significantly improve their service delivery capacity and to be able to contribute substantially to the overall provincial objective of self-sufficiency, New Brunswick municipalities will need to work more collaboratively on a regional basis. Certain services and programs need to be planned, organized, delivered and funded on a broader scale. Land use and economic development initiatives in particular need to be integrated at the regional rather than the local level. In this chapter, we are calling for the removal of barriers to inter-municipal collaboration and for a review of policies that are holding back communities from acting on a regional basis. Steps are proposed to promote regional action and to reorganize services, where it makes sense, to ensure that our regions and our economy as a whole are more competitive, while at the same time maintaining or improving quality of life in communities. Region-wide approaches to problem solving are needed to better address public service needs and respond to increasingly complex service issues.

This is not the first time that inter-municipal collaboration has been advocated. As noted in another chapter of this report, the 1963 **Byrne report** recommended compulsory sharing of a number of services among adjacent municipalities and local service districts (LSDs). Several reviews of local governance [**Report of the Task Force in**

Non-Incorporated Areas in New Brunswick (1976), **Strengthening Municipal Government in New Brunswick's Urban Centres** (1992), **Commission on Land Use and the Rural Environment** (1993), **Report of the Minister's Round Table on Local Governance** (2001)] conducted since then have also supported an inter-municipal or regional approach, or both, to the organization and delivery of select municipal services. There are now many examples of voluntary inter-municipal collaboration, both bilateral and multilateral, across the province. These ad hoc arrangements have evolved over time and involve a variety of programs and services, from policing to fire protection, to planning, to water distribution, to the operation of recreational facilities. Some involve only municipalities; others implicate municipalities and LSDs. The number of these cooperative arrangements is counted in the hundreds.

Over the years, successive provincial governments have established a number of single-purpose regional agencies for the delivery of municipal-type services on a regional basis. Regional commissions with their own separate boards of directors, most of them appointed, have been created for solid waste disposal, economic development and land use planning. These single-purpose regional service bodies are, in fact, a substitute for a regional service delivery structure where local government units are simply too small to provide the service themselves, or where it would be inefficient that they do so themselves.

New Brunswick has, therefore, considerable experience in inter-municipal and regional service delivery arrangements. As was pointed out in **Strengthening Municipal Government in New Brunswick's Urban Centres** (1992): *"...[t]he fact that regional service delivery mechanisms have developed without a comprehensive legislative/ policy framework suggests that the traditional municipal structures and boundaries may not always be the most appropriate and that improvements in coordinating services are possible"*(p.3). Where they have been utilized, inter-municipal service delivery arrangements have yielded significant benefits: less duplication, better coordination of services and lower delivery costs. However, much more could be achieved through inter-municipal and regional collaboration. Realizing the full potential of inter-municipal and regional collaboration will require moving from the present rather informal arrangements (mostly ad hoc, voluntary and sectoral) to more formal and systematized structures.

For years now, New Brunswick has acknowledged the need for the sharing of select municipal services among municipalities and LSDs. It has toyed with regional or district service delivery (evidenced by the multiplicity of single-purpose agencies) but has stopped short of "formalized regionalization" for fear of returning to county government or of creating a two tier local governance structure. As noted by the **Commission on Land Use and the Rural Environment** (1993), *"...[w]hen regional structure is mentioned many people have fears that what is being advocated is a return to county government"* (1993, p.38). The concern that New Brunswick is too small a province to justify a two tier local governance structure is also understandable. While the above concerns are legitimate, we think they are misguided. We believe regional or district servicing need not mean a return to county government or to the creation of two-tier local governance. It is possible to design a service-sharing approach on a regional scale that would achieve most of the benefits of regional government without the establishment of a second tier of local government.

8.1 Regional Service Districts and Boards

As can be seen from the above description, current inter-municipal or regional service-sharing arrangements in the province are neither the outcome of deliberate policy choices nor the product of a coherent policy philosophy. Instead, they have evolved in a largely ad hoc manner and are the result of historical circumstances. The provincial government should contemplate a more structured and formal approach to service-sharing. In this area, two other Canadian jurisdictions, British Columbia with *"regional districts"* and Quebec with its *"municipalités régionales de comté,"* offer fundamental and practical sets of institutional arrangements that we can draw upon when considering regionalization in the New Brunswick context. In those provinces, these arrangements have stood the test of time and have demonstrated an ability to deal with the variety of boundary issues associated with the provision of local public services. The most noticeable characteristic of these arrangements is their flexibility. As observed by one analyst of the British Columbia district system, it addresses *"...one of the most difficult problems for metropolitan* [inter-municipal] *governance* [which] *is to determine institutional arrangements and boundaries for different public goods and services that are preferred by different publics or possess different production characteristics."* It innovates in that it brings *"...an approach other than recommending specific boundaries for specific activities with no clear*

understanding of the actual increasing complexity and decision-costs associated with that complexity" (Bish, 2002, p.2).

It is proposed that New Brunswick adopt service-sharing institutional arrangements based on some of the best elements of the British Columbia and Quebec models. We propose that 12 multi-service regional districts (RSDs) and boards be established across the province with the full participation of the 53 proposed municipal government units.

8.1.1 Purpose

The "Regional Service District" (RSD) will serve as:

1. **A structure through which member municipalities collaborate in the planning, delivery and financing of specified services on a regional basis;**
2. **A structure through which member municipalities plan the future development of their regions in terms of land use (e.g., major commercial and/or industrial sites), major infrastructure (buildings, roadways, water and wastewater systems, trails), protection and use of resources (e.g., surface and ground water, major parks and green spaces/greenbelts);**
3. **An enabler of service-sharing (other than those designated) and of other partnerships between member municipalities;**
4. **A forum through which member municipalities can address issues that cross municipal boundaries and are of regional significance; and**
5. **A forum for representation of regional residents and communities and as a vehicle for advancing the interests of a region as a whole, thus positioning regions as potential contributors to the province's well-being and growth.**

These purposes will be elaborated upon later in this chapter, following a description of how the RSD would be organized.

The most immediate and tangible benefits resulting from the creation and operation of RSDs are: an ability to plan across municipal unit boundaries, the potential for economies of scale in the provision of services, fairer sharing of service costs, opportunities for service quality and service level improvement, more professional management and better capacity to deal with "*externalities*" related to large infrastructure (e.g., airports, recreational facilities, water and wastewater treatment plants). According to Bish, in British Columbia, "*...for forty years, the province's innovative regional district system has lowered the cost of cooperation among neighboring jurisdictions, encouraged fiscal equivalence, and improved the performance of local government*" (2002, p.34). Similar accomplishments have been noted in Quebec since the establishment of the "*municipalités régionales de comté.*"

8.1.2 Organization of the Regional Service Districts

Proposed boundaries

In determining the map for the 12 proposed RSDs, previously established regional boundaries for the provision of specific municipal-type services were considered and compared. In particular, three sets of boundaries were examined: those for the 12 district planning commissions (DPCs), the 15 community economic development agencies (CEDA); and the 12 solid waste commissions (SWC). Interestingly, the boundaries for these three types of regional service delivery entities have some similarities, which suggest that there is already a degree of consensus on what makes sense in terms of regions in the province for the delivery and cost-sharing for municipal-type services. Appendix 1 of this chapter illustrates where the three boundaries align and where they differ.

To bring more precision to the regional boundaries being recommended, consideration was also given as to how the boundaries for the existing regional agencies noted above were determined. The process undertaken to develop the boundaries of the present SWCs stands out as the most comprehensive and the one that engaged the public in the most deliberate way. In fact, in the mid-1980s, provisional committees made up of local community and opinion leaders were established to review and confirm boundaries, to engage the public and to bring recommendations back to the provincial government. These boundaries, the last of which were established in the early 1990s, have stood the test of time. The boundaries for the DPCs and the CEDAs have tended to evolve over time and have not been subject to the rigorous province-wide process used for the SWCs.

It must also be mentioned that solid waste management (waste disposal, reduction and diversion) is the only municipal service that is fully regionalized, as every municipality, LSD and rural community in

the province must participate in the cost-sharing and management of this service through their respective SWC. Such inclusiveness further supports the argument that the SWC boundaries form complete regions.

For land use planning, many municipalities look after their own service rather than relying on a DPC. In addition, the rural district planning commission covers a very large unincorporated area that includes almost one-third of the province, which would be clearly too dispersed when considering the establishment of regions for some municipal-type services. For economic development, funding to the CEDAs is provided by some, but not all municipalities, and there is no funding provided by LSDs. It should also be noted that the three urban-centred CEDAs are more sub-regional than regional in terms of their geographic coverage.

From this perspective, it was evident that the SWC boundaries provided a logical starting point. However, in order to confirm the appropriateness of these boundaries for the proposed RSDs, other factors beyond current municipal service delivery arrangements were considered. These factors included primarily:

- Employment (where people live and work, economic base, hubs of employment, etc.);
- Location of local governance entities (municipalities, rural communities and LSDs);
- Location of education facilities (mainly high schools); and
- Official language composition.

Our review of these factors for each of the regions confirmed the appropriateness of using the current boundaries of the solid waste commissions (with some minor adjustments) as a basis for the 12 RSDs.

In comparing the 12 RSD regions, it is recognized that there are substantial differences in terms of population and financial capacity. However, reducing the number of regions below the 12 proposed would make some very large geographically (which would introduce a variety of logistical issues) and simply make the regions too dispersed. In addition, the combined tax bases within each of these proposed regions should provide enough financial capacity to allow for appropriate service levels at reasonable rates of taxation. It should also be noted that as the RSDs evolve, there will be opportunities for these entities to enter into inter-regional service and cost-sharing arrangements to take further advantage of economies of scale and make service improvements. This could be the case for some very specialized services such as police investigations requiring advanced technologies and training, fire suppression for hazardous materials and joint marketing strategies for tourism promotion and economic development.

A map of each proposed RSD, as well as a profile describing each region is included as an addendum to this report.

Governance/decision-making structure

Each of the 12 RSDs is to be constituted as a "*body corporate*" and governed by a board of directors that consists of a chair, vice-chair and a varying number of directors. Every municipality located within the RSD appoints the mayor (for a term of four years) and one or more municipal councillors (for a term of two years) to the RSD boards. For every director representing a municipality there must be an alternate appointed to carry out their responsibility in his or her absence. It is envisioned that each RSD board would be made up of a minimum of six and a maximum of 12 municipal delegates. In choosing the method by which local councils are represented on the RSD boards, it is important to allow flexibility in order to ensure and encourage interest, expertise and consistent participation.

Unlike municipalities, where each council member votes a single time on any issue, voting on RSD boards is more complicated. Special voting rules are needed to reflect specific realities, namely that regional districts are groupings of municipalities of varying size, and that RSD services may eventually be subscribed to and funded by different combinations of municipalities. These realities mean that not all directors have the right to vote on all matters, or have the same number of votes in all situations.

While a specific voting mechanism is not proposed in this report, we believe that there must be recognition of the different sizes of municipalities (populations and tax bases), while at the same time ensuring that all participants have a say in the decisions of the RSD boards. The present solid waste commissions have in place a voting mechanism whereby a decision "*...to approve an annual budget for the commission, to approve the borrowing of money or to elect an executive officer shall not pass unless at least two-thirds of the members of the*

commission present, who represent at least two-thirds of the total population represented by all the members present, vote in favour."

We would suggest that a similar approach could be developed for the proposed RSDs, such that it recognizes the relative financial contributions to be made by the participating entities. In addition, weighted voting schemes in Quebec's *"municipalités régionales de comté"* and in British Columbia's *"regional districts"* have been adopted with success and we would advise that these models also be considered for the RSDs being proposed in this report. Unless otherwise agreed upon by the RSD board, we would also suggest that default voting rules be established by way of provincial regulation.

In more specific terms, we would suggest that consideration be given to establishing three types of voting. The first would be the one-member-one-vote approach in which a simple majority to make the decision (i.e., 50 per cent plus 1) would be required. Such votes could be used for items that are administrative in nature (e.g., by-laws of the corporation, human resource issues) as well as broad regional planning and service delivery matters. The second type would be a *"weighted"* vote in that board members would have a certain number of votes assigned to them based on the population they were representing. This weighting approach would be used in cases where there are decisions to be made that have financial implications for all members (e.g., adopting the annual budget, borrowing for short and long term financing). The third type of vote that could be used would be in cases where a particular service only affects certain municipalities within the RSD. For example, there may be only three of six municipalities participating in an agreement administered by the RSD to share costs for recreation facilities, in which case they should be the only ones to vote on decisions regarding this service.

The RSD board elects a chair annually from within its directors. The term is renewable. A vice-chair is also elected by the board of directors for a mandate of two years renewable. Each RSD board is supported administratively by a small permanent staff (four to five employees) including a chief administrative officer (CAO). New Brunswick's RSDs will operate in accordance with the board-CAO model of governance, (i.e., based on a separation of policy and administration.) The board is the governing body of the RSD responsible for setting a vision, developing strategies to achieve the vision, and formulating policies. The CAO is the professional manager responsible for the administration. The CAO implements the board's policies and decisions, and handles all operations. The CAO also serves as the chief policy advisor to the board. The board for each district establishes governing by-laws in accordance with provincial legislative and regulatory requirements.

We cannot overstate the importance of the role that the CAOs will play in ensuring the initial success of the RSDs. It is our view that these CAOs will require substantial and proven skills in the areas of facilitation, diplomacy, strategic thinking, organizational development and project implementation. Success of the RSDs will be contingent upon CAOs being able to facilitate and encourage dialogue not only between RSD board members, but also between the staffs of the respective participating municipalities. Moreover, it will be necessary for these individuals to combine high-level strategic thinking with practical implementation skills and knowledge.

The RSD board functions on the basis of a standing committee system. Committees provide advice or undertake work on behalf of the board. The board can delegate some of its authority to committees. However, it cannot delegate authority to make by-laws that govern the operation of the board or any power or duty exercisable only by by-law. Committees are responsible to supervise service areas (to be identified later in this chapter) and are supported by permanent staff constituted in departments. Committee chairs and vice-chairs are elected by the board from among its members for a renewable term of two years. The board of directors has the discretion to add members (other than the chair and vice-chair) to committees as it sees fit, by nominating other municipal elected or appointed officials and residents of the districts. This takes care of situations where subject matter experts are required or where specific community involvement is warranted.

It is important to emphasize that RSD boards do not exist independently, or separate and apart from individual municipalities. Voters do not directly elect representatives to RSD boards. RSD boards *"borrow"* their powers from participating local governments. For purposes of capital financing, the RSD boards will have borrowing power; however, they would not have direct taxation authority and their operations, including the services they deliver, would be funded entirely from taxes levied at the municipal level and from provincial grants. RSD boards are to serve as agents of municipalities to deliver regional services. They are *"on tap,"* not *"on top"* to use terms describing the British Columbia regional service district structure on which this proposal is largely modeled.

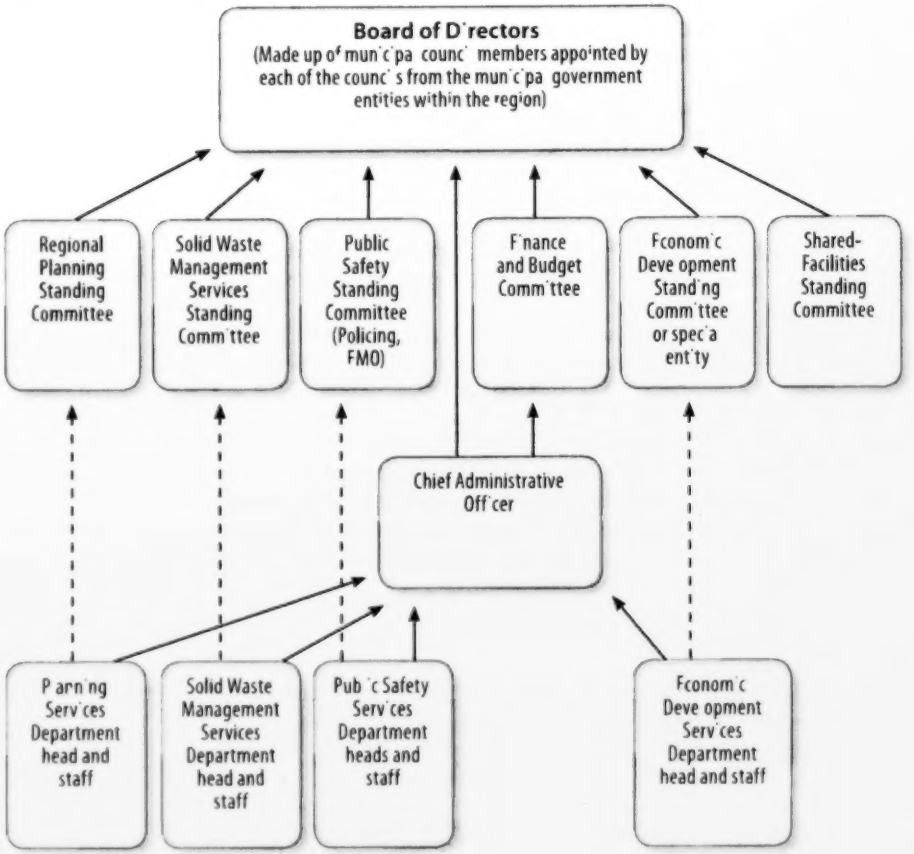
Regional service district board's responsibilities

Collectively, the RSD board is a decision-making body that is responsible for services provided by the regional service district and actions taken by the corporation. It embodies the common interests of the participant municipal councils and of the residents they represent. The board is expected to provide general direction and leadership to the regional services entity. More specifically, the board would:

- Focus on policy directions and decisions;
- Establish committees and their mandates;
- Adopt operating and capital budgets, and provide ongoing budget monitoring;
- Establish benchmarks to measure performance;
- Periodically review and assess the organization's performance;
- Approve agreements and contracts;
- Delegate decision-making, where appropriate, to the CAO and to committees;
- Adopt regional plans;
- Prepare financial statements and report to local municipal councils and to the public;
- Determine formulae for cost-sharing of services;
- Determine formulae for revenue sharing between municipalities where applicable;
- Hire the CAO and evaluate his or her performance; and
- Provide direction to the CAO.

The following organizational chart outlines, in general terms, how a regional service district could be organized. Staffing and committees could vary depending on how services are organized and delivered at the regional and sub-regional levels.

Figure 1: Regional Service District Proposed Structure (For illustrative purposes only)


Board of D rectors
(Made up of mun c pa counc members appointed by each of the counc s from the mun c pa government entities within the region)
Regional Planning Standing Committee
Solid Waste Management Services Standing Comm ttee
Public Safety Standing Committee (Policing, FMO)
F nance and Budget Comm ttee
Fconom c Deve opment Stand ng Comm ttee or spec a ent ty
Shared-Facilities Standing Committee
Chief Administrative Off cer
P arn ng Serv ces Department head and staff
Solid Waste Management Services Department head and staff
Pub c Safety Serv ces Department heads and staff
Fconom c Deve opment Serv ces Department head and staff

Recommendation: 13

It is recommended that 12 regional service districts and boards be established to cover all of New Brunswick.

Recommendation: 14

It is recommended that regional service district boards be comprised of the mayors and one or more municipal officials delegated by each municipal council within the district.

Recommendation: 15

It is recommended that in each regional service district a "*weighted vote*" system be devised to reflect the population of each participating municipality.

Recommendation: 16

It is recommended that regional service district administration, services and programs be funded mainly by the participating municipalities and that the regional service district boards not be authorized to levy taxes.

The following sections describe in more detail the purposes of the RSD. These three sections include:

- Service provision through RSDs;
- Addressing cross-boundary issues through the RSDs; and
- Building regions through the RSDs.

8.2 Service Provision through Regional Service Districts

A proposed new *Local Government Organization Act* (see Chapter 11) would make provisions for RSDs across all of New Brunswick. It would establish a framework for developing service delivery partnerships between municipalities within a district. We envision that RSDs would be mandated by provincial legislation to provide, or cause to be provided, specified local services ("*supra-municipal services*") to the residents of a region who, in turn, would share in the cost of providing those services through their municipal councils. Other services could also be shared among two or more municipalities on a voluntary or optional basis. The RSD could be a direct provider of services or make arrangements with third parties for the provision of services. It could also act as a facilitator or arranger of services, or both, on behalf of one or more municipal members.

Service partners are expected to cooperatively participate in service arrangements they see as fair and beneficial. However, they must believe these arrangements provide benefits and that these benefits outweigh the financial costs and other compromises needed to achieve them. They must also feel that they have a degree of control over the shared service. The legislation would, therefore, provide for reviews of service-sharing arrangements. And, except for mandatory "*supra-municipal services*," participating municipalities would be able to withdraw from a service if they could not agree on changes to the terms and conditions for the service.

The RSD structure constitutes a deliberate, organized and formal approach to the sharing of local services across the province. As a result, the present web of single-purpose inter-municipal and regional service agencies would be disentangled. Folding the existing special purpose agencies into 12 multi-purpose RSDs would provide for a more integrated approach to the delivery of services. The **Report of the Minister's Round Table on Local Governance** (2001) estimated that "*...combining those special purpose agencies under one multi-purpose agency would have the potential to generate cost-savings by reducing duplication, increasing effectiveness in dealing with issues that cross jurisdictions, and improving cooperation among various participating administrative units*" (2001, p.33).

Under such a system, accountability to taxpayers would also be significantly improved since RSD boards would consist only of elected municipal officials, replacing the present single-purpose agencies that operate at varying distances from the electorate.

Municipalities would be compelled by provincial legislation to share a limited number of functions or local services on a regional basis. These services are called "*supra-municipal services.*" Municipalities could choose, however, to share voluntarily a broader range of functions on a regional basis. And activities would not need to be undertaken just for the entire region. Any combination of municipalities could join together to provide a service through the RSD structure. This offers infinite flexibility in the design of service areas. Note, however, that for all new activities the consent of the municipal council of each separate member municipality participating in the service would be required. With the exception of the prescribed "*supra-municipal services,*"

regional districts would act only in response to the expressed needs, interests and instructions of their members. They would derive both their legitimacy and authority to act from their member municipalities.

Most regionally shared services are created by the development of service-sharing agreements. The service agreement for any given service is a legal document that identifies, among other items:

- The exact scope of the service;
- The method by which the service is to be funded; and
- The way in which service-related decisions are to be made and by whom.

These items and others are determined collectively by the municipalities that choose (beyond *"supra-municipal services"*) to participate in the service. Taken together, the items outline the participants' *"terms of participation"* in the service, and constitute the service arrangement.

Recommendation: 17

It is recommended that certain services be declared *"supra-municipal"* and therefore be offered exclusively on a regional basis. These should be mandated by provincial legislation. Participating municipalities within a regional service district may collectively decide to declare other services as "supra-municipal."

Initially, municipalities would be required to share a limited number of functions/services on a regional basis. Much like in Quebec, however, municipalities themselves could declare certain other services *"supra-municipal."* Also, the provincial legislation would grant the provincial government the authority to ask RSDs to undertake further mandates on behalf of a group of municipalities. In the New Brunswick context, we propose that the legislation declare that five services be deemed *"supra-municipal."* These regional services would include planning, solid waste management, policing, emergency measures and economic development.

Recommendation: 18

It is recommended that five services be deemed *"supra-municipal"* and that they be provided through the proposed regional service districts. These regional services would include planning, solid waste management, policing, emergency measures and economic development.

8.2.1 Planning Services

Presently, only 64 of the 101 New Brunswick municipalities belong to district planning commissions (DPC) established under the authority of the *Community Planning Act* (1973). And while LSDs are participating through the rural district planning commission, a *"temporary"* structure established in the 1990s, many LSDs do not have a local land use plan. Planning efforts take place essentially at the local level. Although legislation provides for the development of regional plans, no inter-municipal planning is undertaken, except on a voluntary basis. No comprehensive and integrated regional plans have been adopted. There is also a noticeable lack of an overall provincial planning strategy and of land use policies. The range and level of services provided by DPCs, composed of 181 appointed volunteers, varies from region to region. Planning programs and activities do not link in any formal way with other regional or inter-municipal service delivery agencies. It is proposed that planning responsibility at the regional level is placed under the RSD and that the current DPCs be dissolved.

Local land use planning

In order to be able to continue to take advantage of economies of scale, regional service districts would provide land use planning services as authorized under current legislation. However, they would no longer provide the planning advisory committee function as every new or reconfigured municipal entity would be required to have in place such a committee (see Recommendation 10 in Chapter 7). Recognizing that land use planning services are currently being provided by both municipalities and district planning commissions, we are suggesting that a transition plan be developed to address specifically how local land use planning services are to be delivered as the RSDs and the new or reconfigured municipal entities are established (see Recommendation 9 in Chapter 7).

Regional strategic plan

A key initial task of the RSD boards would be to develop, within three to five years, a *"regional strategic plan"* (RSP). RSD boards would assume responsibility for regional planning from the current district planning commissions (DPCs). Each of the 12 RSDs would be required to develop an RSP based on principles emanating from a provincial planning policy and supported by provincial planning statements. These statements

would outline the provincial interest with respect to such matters as: settlement patterns, agriculture, air quality, coastal areas, drinking water sources, wildlife habitats, forestry, industrial and commercial development, mining and petroleum development, solid waste management, transportation, and wetlands (see Chapter 9).

Growth impacts do not coincide with or stop at municipal boundaries. Regional planning also addresses strategic issues that cross municipal boundaries. Inter-jurisdictional collaboration and coordination are critical to resolving these issues because growth can benefit communities if it is channelled in a way that respects what is important to people. Managing land use, sprawl and ribbon development more specifically, for the purpose of growth, continues to be a major challenge in New Brunswick. The RSD would provide a mechanism for local governments to engage in interactive planning at the regional level. The RSP would promote human settlement that is socially responsible, economically sustainable and environmentally healthy and that makes more efficient use of land, public facilities and other resources.

An RSP would give long-range planning direction to RSDs and to participating municipalities' local plans. It would also provide a basis for implementation of provincial programs in the region. Signoff on the RSP would be required by both the RSD board and the participating municipalities. This would promote adherence to the regional plan and ensure that local plans did not conflict with it. It is envisioned that the RSP would require some form of provincial review to ensure consistency with provincial planning statements. In instances where an agreement could not be reached with regard to the content of the RSP, a decision should be made by a third party (i.e., the proposed municipal affairs commission, refer to Chapter 12).

Initiated, prepared and enacted by the RSD with the full involvement of municipalities, pertinent provincial agencies and other interested parties, the RSP would be subject to revisions every five years. Provincial legislation would enable RSDs to initiate and enact such plans.

The planning structure and processes proposed in this report are very much along the lines of those recommended in **CLURE** (1993). They also echo the recommendations of the **Final Report of the Select Committee on Local Governance and Regional Collaboration** (2003) that called for the development of a comprehensive and integrated provincial planning policy and the restructuring of regionally based district plans to serve all LSDs and municipalities in all of the regions of the province. Our proposal provides for:

- Provincial leadership in the form of statements that will guide decision-making on a consistent basis across the province;
- Representation to ensure local input;
- Regional structures to facilitate cross-boundary decisions;
- Integration of rural and urban interests; and
- Mandatory regional plans.

Together, the proposed changes should result in more effective delivery of planning services to all areas of the province. More specifically, we are confident that they would help make better decisions around the strategic location of commercial and industrial activities as well as of major public infrastructure. They would limit further urban sprawl and ribbon development, which for years now have had negative impacts on the province's natural resource base and on the environment of local areas while generating unsustainable service costs. In other words, they would promote and facilitate *"smart growth."*

It is suggested that a standing committee be established for each RSD to deal with ongoing planning-related matters. They should be composed of RSD board members. Members of the general public could also be invited to sit on this committee.

With planning being so central to local governance, we are devoting a separate chapter to the subject. Chapter 9 provides more information and details on the planning function at the provincial, regional and local levels as well as the general characteristics of the proposed regional plans. It also articulates the distribution of responsibilities that would exist between RSDs and municipalities in the area of land use planning.

Recommendation: 19

It is recommended that the current district planning commissions be dissolved. It is further recommended that the staff members of the current district planning commissions be reassigned to the appropriate regional service districts and that local land use planning services be made available through these new agencies.

Recommendation: 20

It is recommended that each regional service district be mandated by legislation to develop and administer a regional strategic plan. The regional strategic plan should be guided by provincial *"planning statements"* for key areas of activity and development.

8.2.2 Solid Waste Management Services

In New Brunswick, solid waste disposal has been organized and delivered on a regional basis for a number of years, and with substantial success. Twelve regional solid waste commissions (SWC) covering all of the province's territory are responsible for the service. Each consists of members appointed by the participating municipalities and by the Minister on behalf of the LSDs. (Note that the present legislation also provides for membership from First Nations). However, unlike the district planning commissions, participation of municipalities in the SWCs is not optional.

As was noted earlier, solid waste management represents the only municipal-type service to be fully organized and funded on a regional basis. As such, it can serve as a model for the sharing of other local services. Services, however, are still uneven from region to region and somewhat fragmented. We advise that common baseline services be established and that sharing in this sector be expanded. We propose maximizing effectiveness by having RSDs taking responsibility for the entire solid waste stream, from collection, to recycling, to disposal. The present service would fold into the RSD and existing SWCs would be dissolved.

Such regional control and integration, however, doesn't mean that all services would be delivered directly by the RSD. The RSD could contract out the provision of certain service components (e.g., collection). Also, transitional provisions would be necessary, particularly in the area of collection, to deal with grandfathering clauses in existing waste collection contracts. Furthermore, the fact that some municipalities will have made significant investments in collection equipment will have to be considered in the transition. Before taking on the entire management of the solid waste stream, RSDs will be required to work with municipalities to develop a transition plan to deal with the issues noted above. As such, it is not expected that the RSD would take on this full responsibility immediately, particularly for collection.

Individual local municipalities within a region could request the RSD to go beyond the baseline service within their own community (e.g., additional special collections). Such service additions would be paid for by the individual unit making the request. Municipalities could provide on behalf of the region the collection service themselves on a contractual basis for the RSD, as long as they were able to meet the collection requirements set out by the RSD.

It is suggested that a standing committee be established for each RSD to deal with ongoing solid waste management matters. It should be composed of RSD board members as well as representatives from First Nations communities. Members of the general public could also be invited to sit as members of this committee.

Recommendation: 21

It is recommended that the responsibility for the planning and management of the entire solid waste stream, from collection, to recycling, to disposal be transferred to the regional service district and that the present solid waste commissions be dissolved. Staff of the present solid waste commissions should be reassigned to the regional service districts.

Recommendation: 22

It is recommended that the regional service district be required to develop a plan in order to assume the responsibility for the management of all aspects of the solid waste management stream.

8.2.3 Policing Services

Policing, which is one of only two services that local governments must offer as per legislation (the other being emergency measures planning), is presently provided through a mix of local, regional and RCMP forces. The RCMP provides policing services to unincorporated areas and to a number of municipalities through contract arrangements. While there is some shared service delivery taking place between adjacent municipalities in certain areas of the province (e.g., one RCMP force for the Greater Moncton-area municipalities, one police force for Beresford, Nigadoo, Petit-Rocher and Pointe Verte, Rothesay Regional Police Force), essentially policing remains planned and organized on a local/municipal basis. This is perhaps best illustrated in the Greater Saint John area where several police forces operate separately in an otherwise seamless metropolitan community.

Weaknesses associated with the proliferation of small municipal forces and with the present policing administrative structure were well diagnosed by Professor Alan Grant, from Osgoode Hall Law School, in 1992. Most problems identified in the organization of policing services then are still with us today. These problems have not been addressed, and some feel they have become more significant. In his report, **Policing Arrangements in New Brunswick: 2000 and Beyond** (1992), Grant concluded that "*duplication would not permit the establishment of a coordinated and effective policing system and would not make efficient use of resources available in the province both in financial and human terms*".

Like Grant, we believe that such weaknesses can be remedied only through the establishment of a policing approach that would see the organization and delivery of policing services on a regional basis. Looking to "*addressing policing requirements in the province into the next century,*" Professor Grant had proposed the organization and delivery of policing services on the basis of five to seven geographic districts or regions. Instead, we favor the organization of basic policing services over 12 regions corresponding to our proposed multi-purpose RSDs. Our regions, being multi-service rather than single-function, would allow for greater synergies and better linkages between policing and related services such as emergency measures and/or fire protection. We believe coterminous geographical boundaries and regional multi-service delivery would lead to more efficient use of scarce human, financial and technical support resources. Highly specialized police services, however, would still not be viable if organized strictly on a regional basis. They require a larger critical mass and would need to be shared between two or more RSDs.

Many of Grant's observations and recommendations pertaining to the organization of policing services are still valid today. Policing (including the highway patrol function) cities, towns, villages and surrounding rural areas out of a regional structure remains a sound proposal. Such regional service integration is doable even where two or more police forces are involved as has been demonstrated in the Halifax Regional Municipality (HRM) and in a number of Québec's "*municipalités régionales de comté.*" In the New Brunswick context, as Grant pointed out, one of the key barriers to unified regional structure is the separation of municipal RCMP contracting arrangements from provincial RCMP contracting arrangements. This issue would be resolved by making municipalities exclusively responsible for policing services and having them contract for services on a regional basis.

Contracting could be with either the RCMP or some of the currently existing municipal forces, or a combination of both, in any given region.[1] Services could be delivered through various arrangements: a contract with the RCMP, the establishment of a new regional police force, the expansion of an existing municipal police force to cover an entire region, or a combination of these approaches.

It is suggested that a standing committee be established for each RSD to deal with ongoing public safety-related matters. It should be composed of RSD board members and possibly some members of the general public.

Recommendation: 23

It is recommended that policing become a mandated service (planned, organized and delivered on a regional basis) once a plan has been developed through the regional service district. It is further recommended that this plan be developed building upon the main recommendations contained in the Grant report. It is also recommended that an integrated regional approach to policing services be implemented within two years of the establishment of the regional service district. At that point in time, present inter-municipal police commissions, where they exist, should be dissolved.

8.2.4 Emergency Measures

New Brunswick is at significant and increasing risk from natural and non-natural threats and hazards. Concurrently, the province's capabilities and capacity to respond to and manage consequences remain limited. There are significant gaps in terms of planning and coordination capacity at local and regional levels and within provincial government departments and agencies.

Not all municipalities have an effective and up-to-date emergency measures plan. Many are simply too small and do not have the resources to meet this requirement. Non-incorporated areas have no

1 We are aware that the New Brunswick's RCMP management is currently examining the possibility of reorganizing its services on a regional basis. We have had a number of meetings to exchange information on the subject and to review the potential benefits of common regional boundaries as well as renewed contractual arrangements that would better meet the requirements of a regional approach.

emergency plans. Several communities along the St. John River were reminded of these limitations during the 2008 spring flood.

Contemporary standards for emergency management programs are much more prescriptive than previously, and include executive governance, senior management accountability, performance management and continual improvement. Such features are largely absent from emergency programs in New Brunswick.

The *Emergency Measures Act* and its regulations require local governments and provincial departments and agencies to plan to ensure the continuity of government in an emergency. In conjunction with other provincial departments and agencies, the New Brunswick Emergency Measures Organization (NBEMO) and Public Safety Canada (PSC) must develop plans and procedures for assisting municipalities in the continuance of government and operations during a disaster. It must also assist in the development of plans and procedures to coordinate emergency planning and operations in LSDs.

It is evident that major emergencies in terms of their impacts and resulting resource requirements invariably cross established local administrative boundaries. As such, emergency measures planning needs to occur in an integrated manner across regions. It is our view that provincial emergency management should be regionalized in order to provide the necessary leadership, coordination, expertise and capacity to develop viable, accountable and sustainable emergency programs. Regionalization, as a concept and an approach, will serve to leverage all of the human and material resources (local, provincial, private and not-for-profit) in a given geographical area, and provide an integrated response across mandates and levels of government. As a consequence, the political and societal risks will be managed collectively. Such regional approaches should also facilitate the development of inter-regional emergency planning.

It is suggested that a standing committee be established for each RSD to deal with ongoing public safety-related matters. It should be composed of RSD board members and possibly some members of the general public.

Recommendation: 24

It is recommended that regional service districts be made responsible for regional emergency measures planning and management in their respective geographical area through an integrated approach across mandates and levels of government. It is further recommended that, in conjunction with the provincial Emergency Measures Organization and with the involvement of member municipalities, regional service districts be mandated to develop and maintain up-to-date regional emergency measures plans.

8.2.5 Economic Development

Economic development is clearly central to the province's future growth and to the current government's self-sufficiency agenda. How well this function is organized and how closely it links with other service sectors, including local governance, therefore, matters greatly.

Since the 1960s, the role played by government (federal, provincial and municipal) - or in some instances not played - has been the subject of many debates. Structures and organizations established to carry out this function have evolved over time, but it is fair to say that throughout this period, collaboration between the three levels of government and policy coordination have not always been exemplary. Lack of clarity around certain players' roles, short-lived programs and *"organizational deck shuffling"* have characterized this sector. Government support to business development has often taken place in isolation of any regional growth plan or strategy, resulting in inefficient use of public facilities, land and other resources.

Provincial regional development agencies have existed in New Brunswick, under various forms, since the early 1970s. Since 2000, they have been known as community economic development agencies (CEDAs) reporting to the Legislative Assembly through the Minister of Business New Brunswick (BNB). Fifteen CEDAs (12 rural and three urban), also known as Enterprise Agencies, have been created in a partnership between the Atlantic Canada Opportunities Agency (ACOA), BNB and participating municipalities. Municipal participation, however, is voluntary and most of the funding comes from the provincial (30 per cent) and federal (70 per cent) governments. Municipal financial contributions vary greatly from region to region. Also, several municipalities fund and operate their own economic development agency. Many perceive the CEDAs mainly as instruments for the development of the rural areas of the province.

The CEDAs are governed through a board of directors drawn mainly from the business sector and appointed by ACOA, BNB and participating municipalities. A nominating committee of federal, provincial and municipal officials recommends candidates for board appointments.

Board composition varies between the three urban CEDAs and the 12 rural CEDAs. In the first category, representation is based on a ratio of 2:1:1 municipal/provincial/federal while in the second it is 1:1:1. In addition, each CEDA has an Advisory Forum consisting of representatives from business and community organizations including members of Parliament, members of the Legislative Assembly (MLAs), mayors, councillors and LSD advisory committee presidents.

In theory, CEDAs have common structures and mandates. In practice, however, their board representation varies greatly from region to region and collaboration efforts with other regional agencies depend largely on the leadership of the executive director. The absence of common boundary definitions between service sectors constitutes a barrier to collaboration. The rural/urban split further hinders integration. Variable municipal funding translates into unequal intervention capacity for the different CEDAs. Sharing of the costs and revenues of industrial parks as well as of new investment projects represents another obstacle. Municipal involvement depends on their evaluation of the probability of attracting investments and the perceived contributions of other levels of government. Since the board and Advisory Forum members come mainly from the business community, conflicts of interest often arise when new investment projects are discussed.

Although one of the CEDAs' assignments is to develop an economic development framework or plan for their respective region and to define strategic priorities and opportunities, this has not been their main focus. Much of their time and resources are devoted to business support: small and medium enterprise (SME) development, business counselling, management training for SME, investment support, identifying opportunities for investment and export. While services to business are necessary for regional economic development, that alone is not sufficient. Broad scale and region-wide collaboration among stakeholders is necessary.

Inter-agency and inter-municipal duplication and competition represent significant barriers to regional economic development and well-being. We firmly believe that in a province the size of New Brunswick economic growth cannot occur solely at the local community level. In today's world, there is no such thing as a local (community) economy anymore. At a minimum, economies are regional in nature. Economic development needs to be conceived on a regional basis, spanning urban and rural areas. Activities, services and resources must be integrated and coordinated at the regional level. Communities in the Restigouche region seem to have grasped this new reality as they have recently launched a *"Regional Collaboration Table."*[2] This, however, remains an ad hoc and isolated initiative.

We propose that economic development become a function of the new regional governance structure and that economic growth initiatives be considered a component of a comprehensive regional strategic plan (RSP). This RSP would become the basis for decisions dealing with regional services and infrastructure as well as for the decisions regarding the implementation of provincial and federal programs in the geographic area. For example, it doesn't make much sense that economic development and land use are planned by two separate agencies and on different tracks as is the case presently. We envision the development of 12 such comprehensive RSPs, one in each of the RSDs.

In this respect, New Brunswick may want to follow the approach adopted by the *"Municipalité régionale de comté de Rivière-du-Loup."* Here, the responsibility for economic development planning and assistance has been assigned to the MRC (equivalent of our proposed RSD) by the provincial government. In this instance, the mayors of the municipalities form the MRC board of directors. To carry out this function, the MRC can count on a *"Centre Local de Développment"* (CLD) which is a distinct corporate entity with its own board of directors. The MRC appoints five of its members to the board of the CLD. The balance, up to a maximum of 15 directors, are nominated by business and community organizations and approved by the board of the MRC. The CLD periodically reports to the MRC. Its economic development plan and activities must be consistent with the *"schéma d'aménagement"* of the MRC. A representative of the provincial department responsible for economic development sits on the CLD board as an observer. So does the local MLA. This ensures a link between the provincial government and the CLD. Funding for the CLD and its programs is provided by the province and the municipalities on a 50/50 basis.

Recommendation: 25

It is recommended that community economic development be closely integrated with land use planning and that it form a component of the regional strategic plan for each of the regional service districts. It is further recommended that the present

2 **Restigouche Regional Collaboration Initiative**, a proposal to bring together the economic and community development stakeholders, spring 2008.

community economic development agencies be dissolved and the staff assigned to the regional service districts. Local/municipal economic development entities, where they exist, should also be dissolved.

Recommendation: 26

It is recommended that regional economic development activities and programs be cost shared between the municipalities, the Province and the federal government. Regional service districts should have the option of creating a special entity to carry out economic development activities; however, where such a body is established, its board of directors should be appointed by, and made responsible to, the board of directors of the regional service districts. Where such a special economic development entity is created, it should employ the economic development staff.

8.2.6 Other Services and Functions – Regional and Sub-Regional

Regional service districts could offer other services at the regional or sub-regional level. These are briefly described below. Some of these services or activities could be taken on in the short to medium term while others could be taken on as the organization evolves and solidifies itself over the longer term.

Major facility cost-sharing

In recent years, one of the most visible problem areas with respect to cooperation on a regional (or at the very least sub-regional) basis has been cost-sharing for major facilities, particularly those having a recreational purpose. Various arrangements have been established over time having varying degrees of provincial government involvement. For example, the *Greater Saint John Regional Facilities Commission Act* was enacted by the provincial government to legislate cost-sharing among five municipalities for five major facilities in the region. The recent cost-sharing agreements signed by the City of Fredericton and surrounding communities for access to major recreational facilities is another example of provincial involvement in facilitating cost-sharing, though this time without binding legislation. Increasingly, the Department of Local Government is being asked to serve as a facilitator to develop agreements between communities for cost-sharing of recreational services.

As was also noted in Chapter 5, the fact that there is no regional structure in place has, by default, meant that the provincial government, through the Department of Local Government, has had to step in and act as mediator and facilitator for sub-regional cost-sharing agreements. While successes have been achieved, it is our view that such a role is one that should be played by the communities themselves, through a regional structure. The development of these agreements by the provincial government is not fostering local or regional capacity. If communities and their local governments are to be enabled and empowered to make decisions and chart their future, they must assume appropriate responsibility for certain services, particularly those having a regional/local orientation. Having the provincial government involved as mediator and facilitator runs counter to this objective.

A move toward regional approaches to cost-sharing for major recreational, cultural and other such facilities should also have the effect of bringing communities together to talk about what is needed and what the priorities for a region should be in terms of major infrastructure, before construction begins. It has the potential of lowering costs on a per capita basis if the service is to be provided and cost-shared among several communities. It can also be argued that communities speaking collectively will have more of an impact when it comes to seeking funding from other levels of government and other sources. While this scenario will not fit for every local government facility, there are clearly some types of major facilities for which a regional approach is the best option. Moreover, it is anticipated that success in cost-sharing for one facility can lead to enhanced cooperation and reduced duplication in other areas.

Initially, an RSD's role should be limited to serving as facilitator in the development of cost-sharing arrangements for facilities having major significance within a region. Municipalities with existing facilities that were seeking cost-sharing on operational costs or municipalities seeking to build a new facility could make a request to the RSD board to act as a facilitator on their behalf. The provincial government would no longer have this role. As the RSDs gain experience, it is conceivable that their role would evolve beyond that of facilitator of cost-sharing arrangements to one of management or ownership, or both, of large-scale municipal facilities that have regional or sub-regional benefit.

Recommendation: 27

It is recommended that, at the request of two or more municipalities, regional service districts be authorized to facilitate the cost-sharing of and/or the delivery of services for the concerned municipalities.

Recommendation: 28

It is recommended that, at the request of two or more municipalities, regional service districts be mandated to serve as facilitators for the development of cost-sharing agreements relating to facilities and infrastructure of the concerned municipalities.

Recommendation: 29

It is recommended that, as part of the regional strategic plan for each regional service district, the future development of major facilities and their respective locations be identified and prioritized.

Recommendation: 30

It is recommended that the provincial government, through the Department of Local Government, develop a comprehensive manual to guide the development of cost-sharing agreements by regional service districts.

Fire prevention and suppression

There are presently more than 170 fire departments with 4,600 firefighters in New Brunswick. Only two are staffed by fully paid employees. Most of them (153) are fully volunteer departments and the balance consists of composite departments (paid and volunteers). Although several mutual aid agreements are in place between these departments, each department is organized and funded separately. The purchase and deployment of costly equipment are not very well coordinated and/or rationalized among these departments.

Community-based local fire services have served New Brunswick well in the past. However, there are signs that they are enduring increasing stress. Due to the aging of the population in many of the small municipalities and LSDs, the pool of volunteers is shrinking. In addition, the requirement for more specialized training and more sophisticated equipment is increasing service costs beyond the financial capacity of small local governments. Fewer and fewer local governments are self-sufficient in fire protection. Substandard fire protection services impact on the cost of residential and commercial insurance.

In order to be viable in the future, fire protection services should be planned and organized on a broader scale. If a crisis similar to the one that occurred with ambulance services is to be avoided, it would be prudent for the provincial government to ask RSDs to undertake the development of regional fire protection plans as early as possible.

Recommendation: 31

It is recommended that the provincial government mandate each of the regional service districts to undertake and complete, within five years of their establishment, a review of fire prevention and suppression services to assess future viability (funding, staffing, volunteerism, equipment replacement), the potential for rationalization and the achievement of economies of scale, the potential for improved coordination, standardization and quality of services, and opportunities for the integration of existing fire departments.

Water and wastewater systems development and management

Of all the services most critical to the future development of our communities, the provision of safe and reliable water supplies is at the top of the list. Ongoing investment in water supply services is essential to the quality of life offered in communities. It is also essential in ensuring the future competiveness of our communities in terms of attracting both residential and economic development. There are several challenges (some of which we are already witnessing) that await local governments in the coming years, including prohibitive upgrading, retrofit, expansion and new system costs; protection of existing water supplies; new standards for drinking water; as well as identification and development of new and secure water sources. Recent examples of residents in certain areas no longer being able to rely on their individual wells for water will, no doubt, eventually require the development of new and expensive communal water system infrastructure.

While it may not provide all the solutions, consideration of regional approaches (or perhaps more appropriately, sub-regional approaches) to water system development and management could prove beneficial. RSDs could provide a forum through which some or all participating municipalities examine options for integrating or linking systems. If new major water treatment systems are needed by municipalities that neighbour one another, it could be more economical (and effective) in the long term to build one new water treatment facility. Conversely, it might be more cost-effective simply to replace or expand, or both, one of the two municipalities' water treatment systems to provide service to both communities. In other instances, the physical linking of systems may not be possible but there may be opportunities to discuss and plan for the protection of ground and surface water supplies (which is to be dealt with through the regional strategic plan).

In addition, the sharing of technical expertise to manage and operate such systems could also be considered by neighbouring municipalities. Such collaboration could be facilitated by the RSD.

Similar challenges and opportunities for collaboration exist for waste treatment (sewage) services. Costly infrastructure renewal and new national standards regarding waste treatment will place considerable financial pressures on existing local governments. Again, the RSD could be the structure through which partnerships between municipalities are facilitated and established.

Although we are not proposing specific recommendations regarding municipal water and wastewater systems, we would encourage the provincial government to consider mandating the RSDs, once they have been well established, with a role in the area of water and wastewater systems planning, management and/or delivery.

In unincorporated areas there are currently many communal water/wastewater systems owned and operated by the provincial government, by commissions established under the *Clean Environment Act*, and by private sector developers. There are also some systems serving several properties that have no owner as they have been simply abandoned by the original developer. Some of the smaller commissions have limited capacity to manage effectively the systems they have been mandated to look after, and finding volunteers to serve on the commissions has also proved to be difficult in some instances. In the cases where the Department of Environment owns and operates the systems, the problem is that this department has to act both as owner and regulator, which in the long term is not an appropriate arrangement.

It is our view that the RSDs should, as part of their mandate, take on responsibility for these systems. Recognizing that there are significant financial and administrative implications associated with transferring the responsibility for these systems, it is our view that a transition plan be developed that would outline a process by which those systems currently owned and operated by the provincial government, systems owned and operated by small commissions and systems that have been abandoned by the original developer, be transferred to the newly formed RSDs.

Consideration will also have to be given to the future structure of larger commissions such as the Greater Moncton and Greater Shediac Sewerage Commissions. In some cases, it might make sense to place the entity under the full control of the new or reconfigured municipality, while in other circumstances it might be more effective to leave it as a separate service provider or to request that the RSDs take on such responsibilities. Such decisions would depend, in large part, on the future alignment of municipal boundaries.

Recommendation: 32

It is recommended that a transition plan be developed by the province and municipalities that would outline a process by which those communal water and/or wastewater systems currently owned and operated by the provincial government, owned and operated by small commissions and systems that have been abandoned by the original developer, be transferred to the newly formed regional service districts.

Tourism promotion

The promotion of local tourism is another area that could be well served by greater regional cooperation among local government units. When visitors come to the province, it is very likely that they are not coming just to see the attraction of one community, and even if they are, they will likely wander well beyond its boundaries. Therefore, tourism promotion may be an ideal service to be cost-shared and delivered on a regional basis. The concept of the "*destination marketing organization*" has taken hold in several centres across Canada and is a model that could be used in this province, with the regional service district being the facilitating organization.

If tourism promotion was assumed as a responsibility of the RSD, linkages to the economic development function could be made more readily. This would ensure that these two services were not functioning at cross-purposes and, in fact, were supporting one another.

For the time being, it is suggested that tourism promotion be considered as an optional service that could eventually be provided by the RSD. Such a role would be undertaken at the request of participating municipalities within an RSD.

Transit services

In time, the RSD could also become involved in the planning and delivery of transit services. This type of service, by its very nature, necessitates and benefits from the involvement of several communities. As the RSD becomes more firmly established, such a service could be arranged or provided, or both, by the RSD at the "sub-regional" level, at the request of participating municipalities.

Corporate services

It is possible that the RSD could also serve as a vehicle through which various corporate services could be channelled in order to take advantage of some economies of scale. For example, procurement of certain goods and services on a regional basis could result in significant savings for municipalities. Assistance with human resource management processes and functions, particularly for smaller municipalities, might prove beneficial. Accessing legal services could also be facilitated through the RSD. In each of these cases, the role of the RSD could vary from providing direct services to participating municipalities, to being a facilitator, and to serving as an information provider for certain types of corporate activities. Again, we would see such services being provided in the long term as the RSD model takes hold and becomes more firmly established in the local governance system.

The following figure summarizes both mandated and optional services that the regional service district could accommodate.

Figure 2: Regional Service District

Service Overview	
Service Type	**Mandated *"Supra-Municipal Services"* Provision**
1 Planning	Development and adoption of RSP.
Regional strategic plan (RSP)	Established over a period of three to five years, following creation of RSD. To be reviewed every five years.
	Focus is on integrated development of region as a whole including: growth management (containing sprawl and ribbon development), identification and protection of water supplies, major infrastructure development, mandated services planning, coordinated planning of commercial/industrial development, transportation priorities and linkages and other matters requiring attention as per provincial policies.
	Other matters such as climate change initiatives, housing issues, crime-related problems can also be addressed through the regional planning process.
Land use planning	Provides local land use planning services
	Transition plan required to determine future delivery of land use planning services by the RSD.
	Existing district planning commissions dissolved and staff assigned to the RSD.
2 Solid waste management	Provides the full stream of solid waste management services to municipalities: collection, recycling and disposal.
	Requires development of transition plan to deal specifically with collection and recycling.
	Existing solid waste commissions dissolved and staff assigned to RSD.
3 Policing	Responsible for the arrangement and/or delivery of integrated regional police services.
	Regional policing service could be provided through the RCMP, a new regional police force, an expanded local police force, or a composite force of both RCMP and local police officers.
4 Emergency measures	Responsible for emergency measures planning on a regional basis.
	Develops a regional emergency measures plan that links all communities with the region.
	Local municipal entity participation is required.
5 Economic development	Responsible for the provision of economic development services.
	Local/municipal economic development entities, where they exist, should be dissolved.
	CEDAs dissolved and staff assigned to RSD.
	Optional Services / Functions
1 Major facility cost-sharing arrangement	Initially, role should be limited to serving as facilitator in the development of cost-sharing arrangements for facilities having major significance within a region.
	Municipalities with existing facilities seeking cost-sharing on operational costs or municipalities seeking to build a new facility could make a request to the RSD boards to act as a facilitator on their behalf.
	As RSDs gain experience, it is conceivable that their role would evolve beyond that of facilitator of cost-sharing arrangements to one of management and/or ownership of large scale municipal facilities that have regional or sub-regional benefit.
2 Fire prevention and suppression	Undertake and complete, within five years of their establishment, a review of fire prevention and suppression services to assess future viability (funding, staffing, volunteerism, and equipment replacement), the potential for rationalization and the achievement of economies of scale, improved coordination, standardization and quality of services, and opportunities for the integration of existing fire departments.
3 Water and wastewater services	Potential role in providing planning, management and/or delivery of water and/or wastewater services on behalf of municipalities.
	Ownership and management of small water and wastewater systems in currently unincorporated areas.
4 Tourism promotion	Potential role in providing tourism development and promotion services on behalf of municipalities.
5 Transit services	Potential role of planning, arranging and delivering transit services on a sub-regional level on behalf of municipalities.
6 Corporate services	Potential role in providing various corporate functions including public purchasing, various aspects of human resource management, and legal services on behalf of municipalities.

8.3 Addressing Cross-Boundary Issues through the Regional Service Districts

Many of the issues that local governments face today do not confine themselves to individual municipalities, LSDs or rural communities. Many issues tend to flow across entire regions and beyond. The solutions, therefore, often warrant a collective regional response. Take, for example, the issue of population decline. Many communities in certain regions of the province are facing substantial population decreases, as was documented in Chapter 5. The stimulation of immigration into New Brunswick (or the repatriation of former residents) is one of the solutions to this challenge. Clearly, communities cannot, on an individual basis, take on this challenge. This is a matter that many communities within a region must address together – so that they can pool their resources and identify their combined strengths and stress their collective competitive advantages.

Other challenges, such as dealing with the effects of climate change, housing shortages, or crime-related problems often require the support and intervention of more than one community. Major economic development, such as is expected in the Fundy region relating to the energy sector, is also an area where many communities must be engaged collectively in order to deal effectively with potential impacts (e.g., housing needs, additional infrastructure requirements, traffic and transportation pressure and increased recreation demands).

The RSD, with representation from participating municipalities, would serve as an ideal forum through which these types of issues could be brought up, discussed and potential actions agreed upon. Even where the solution may not involve an integrated regional approach, municipalities would, at the very least, have an opportunity to share their thoughts and views on the issues at hand and ensure, to the extent possible, that their potential actions would not conflict with one another.

It is acknowledged that the role of the RSD as a forum for issue identification and collaborative action is one that would take time to fall into place and will occur as the organization evolves. It will take time to build trust among participating municipalities. RSDs will first have to become comfortable with their mandated role in service delivery and service arrangement.

8.4 Building Regions through Regional Service Districts

It is our expectation that, over time, the RSDs will become a recognized voice for their respective regions. As its service delivery and arranger role becomes solidified, we anticipate that they could become key instruments in building regional consensus on a variety of matters. The RSDs can also become instruments to position regions and their constituent municipalities in the drive toward building capacity, strengthening viability and contributing to the self-sufficiency agenda. Furthermore, consensus at the regional level for certain matters will have a far greater impact than would otherwise be the case. For example, efforts to secure commitment to, and funding for, major infrastructure projects that affect a region stands a greater chance of success if deployed on a regional basis.

The provincial government should also benefit from the establishment of these regional bodies. RSDs could provide a venue through which new provincial initiatives and programs having a direct bearing on municipal operations can be presented and discussed collectively.

In Summary

RSDs should help address several of the shortcomings attributed to the current local governance structure. The new multi-service regional entities will formalize and standardize inter-municipal collaboration. First and foremost, service-sharing will be facilitated. There will be a regional conversation on how certain services can best be provided. But they will do much more.

The number of quasi-independent single-purpose agencies will be reduced and better coordination across service sectors will occur. Elected officials will be more directly responsible for service organization and delivery, thus improving accountability.

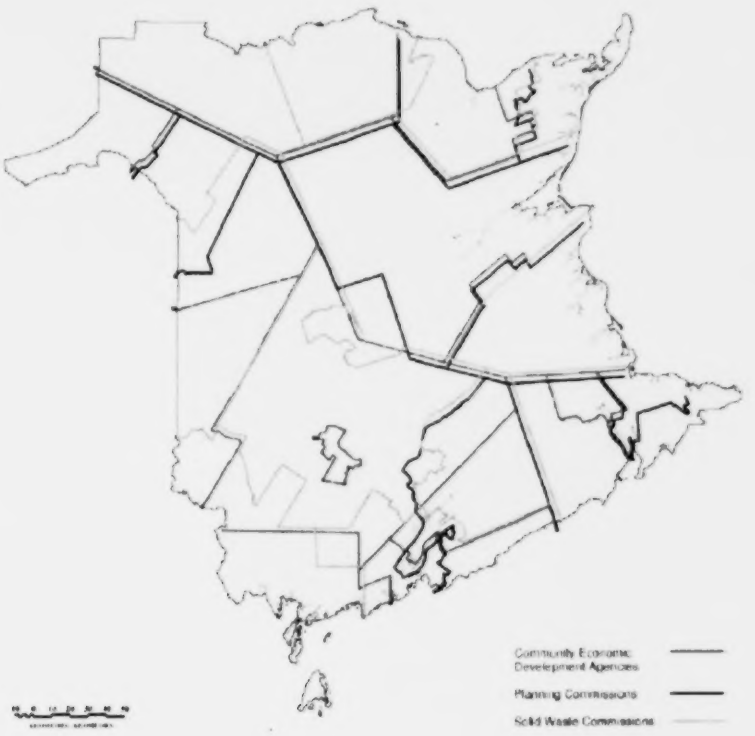
The RSDs will bring territorial integration by bridging the urban/rural divide. Elected representatives from urban, suburban and rural areas will come together in a common forum to deal with issues that cross boundaries. It will allow for more strategic decisions to be made regarding key services and major facilities.

Decision-making on important regional service issues will shift (from local entities and from the provincial government) to the region,

where it truly belongs. It will start to empower the regions. Over time, stronger regional identities will emerge. Regions will have a voice in their own development and will be better positioned to contribute to the well-being of the province.

It is also important to underline that regionalization respects and preserves local identity while at the same time improving local capacity through cooperation. The emphasis on both regional and local planning should also contribute to more sustainable and cost-effective development for the long term.

Appendix 1: Current Boundaries of the Solid Waste Commissions, District Planning Commissions and Community Economic Development Agencies



Outline

Chapter 9
Planning as the Basis for Effective Local Governance

9.1 Planning Legislation 117
Planning regions and the regional plan 118
Planning tools 118
9.2 Implementation of Community and Land Use Planning 119
9.3 Commission on Land Use and the Rural Environment 120
9.4 Post-CLURE Initiatives 122
9.5 Taking the Next Step 123
At the provincial level 123
At the regional level 124
At the local level 126
In Summary 127

Chapter 9

Planning as the Basis for Effective Local Governance

Good governance, whether it is in public or private organizations, requires quality planning. Planning (along with budgeting, organizing, coordinating, assessing and reporting) constitutes an essential function of management. Yet in many organizations, it doesn't receive much attention. It is often left to be addressed *"circumstances permitting,"* meaning that it becomes an afterthought – something to be discussed after everything else has been settled.

In New Brunswick, planning at the local government or community level is governed by the *Community Planning Act*. In the context of this Act, planning broadly means the arrangements that are made beforehand for the development of a community, including the use of land. It consists of policy statements for the orderly economic, social and physical development of the community. While several municipalities have recognized, over time, that community planning, and especially land use planning, are critical areas of local government decision-making, more generally planning has not been a central concern in local governance. Since the 1960s, formal processes and structures have been established to allow for planning to take place at the local level. However, provincial and regional planning, while provided for in legislation, remains, to this day, relatively underdeveloped. As **CLURE** (1993) observed, *"...there has been little recognition that planning is more than just a service to provide subdivision approvals and building permits. Planning is a front-end function for government and all its departments and it should be the basis on which all of its decisions are made"* (p.15).

9.1 Planning Legislation

The evolution of community planning in New Brunswick until the late 1980s is well chronicled in **CLURE** (1993). New Brunswick was one of the first Canadian jurisdictions to adopt planning legislation. The *Act Relating to Town Planning*, passed in the Legislative Assembly in 1912, recognized the importance of organizing the physical infrastructure required for proper community development. Amendments to this legislation were adopted in 1936, 1952, 1961 and 1966 that moved

planning into a more modern era. More specifically, the name of the Act was changed in 1961 to the *Community Planning Act* which included, for the first time, the appointment of a director of planning in the then Department of Municipal Affairs with the responsibility to administer the Act. That Act also allowed municipalities to establish planning commissions and provided for the creation of district planning commissions. But, as noted by **CLURE** (1993), *"...the Act still allowed zoning without planning and did not provide a suitable mechanism for integrating planning among municipalities"* (p. 11).

It was in 1973 that amendments were brought to the *Community Planning Act* that significantly shifted the focus from zoning to planning. Pursuant to the amended *Community Planning Act*, either a basic planning statement or a municipal plan had to be in place before a zoning by-law could be passed. Furthermore, the amended legislation, in an effort to address the absence of planning at the provincial and regional levels, introduced the concept of the regional plan. *"The regional plans were intended to be the provincial policies for the regions and to stimulate inter-municipal planning. For the first time, the Act also stipulated those items which must be considered in the preparation of municipal plans"* (**CLURE** 1993, p. 12).

Planning regions and the regional plan

This new Act divided the Province in seven planning regions for which the provincial government would adopt regional plans. These regions were centred on the Province's major urban centres and encompassed their hinterlands. The proposed regional plan was a provincial regulation outlining the provincial interest in a specific region. The responsibility for developing, managing, implementing as well as funding these plans was attributed to the Department of Municipal Affairs.

The regional plan consisted of policy statements for the orderly economic, social and physical development of the region. (**Section 17 (4) of the *Community Planning Act***) They included policies with respect to:

- The development of industry and commerce;
- The development and management of natural resources;
- The management of water resources;
- The control and abatement of all forms of pollution of the natural environment;
- The identification of areas of urban and rural land use;
- The conservation, rehabilitation, development and redevelopment of housing stocks;
- The development of communication and transportation systems;
- The development and maintenance of educational, cultural, recreational and health facilities, and
- Such matters, as in the opinion of the Minister, are advisable.

Furthermore, the regional plan was to have contained:

- A program for coordinating public works and expenditures within the region;
- A program to encourage coordinated development among all municipalities and rural communities in the region;
- Provisions for regulating the use of land, buildings and structures for the purpose of implementing regional planning policies;
- An identification of regional developments which are subject to approval in relation to standards described in the plan; and
- Such proposals as are, in the opinion of the Minister, advisable for the implementation of policies contained in the plan.

It is apparent that the content of a regional plan regulation as outlined in the Act is far-reaching and goes beyond the basic premises of land use planning. The regional plan was deemed to be the highest-level planning tool to which other planning instruments would be subservient. Its ability to guide economic development and support social endeavors was clearly expressed in the policy structure.

Planning tools

In keeping with the new municipal regime adopted in the 1960s as part of the Equal Opportunity program, two parallel streams of planning instruments were needed, with the first applicable to municipalities and the second to unincorporated areas.

For municipalities:

- Municipal plan – community specific development plan for a municipality;
- Area plan – more detailed plan including specific interventions for a smaller area within the municipality (repealed in 1994);

- Basic planning statement – a scaled-down plan consisting essentially of simple policy statements aimed at smaller municipalities;
- Development scheme – a plan to amplify a section of the municipal plan;
- Urban renewal scheme – as the name implies, a document to guide major urban renewal initiatives;
- Zoning by-law – to manage specifics relative to land use and accompanying standards;
- Flood risk area by-law – to define flood-prone areas and manage development;
- Subdivision by-law – to regulate the subdividing and registering of land;
- Building by-law – to regulate the construction of buildings through applicable codes;
- Deferred widening by-law – to intervene when access to transportation routes, streets, etc., are required; and
- Controlled access street by-law – to control access and egress to the transportation system.

For unincorporated areas:

- Basic planning statement regulation – simple policy statements which can be adapted to the rural context;
- Zoning regulation – accompanied the basic planning statement regulation;
- Subdivision regulation – the Province adopted a uniform subdivision regulation for all unincorporated areas; and
- Building regulation – the Province adopted a uniform building regulation for all unincorporated areas.

9.2 Implementation of Community and Land Use Planning

The 1973 *Community Planning Act* stipulated that the management and implementation of planning instruments would be shouldered by district planning commissions. The Minister could establish planning commissions within each of the 7 regions to deliver planning services to local communities. The commissions were to be composed of representatives of municipalities and surrounding unincorporated areas and were given the following responsibilities:

- Offer planning advice to municipalities and unincorporated communities in their district;
- Hire staff to prepare land use plans, by-laws and regulations for communities in keeping with the regional plan adopted by the province;
- Implement plans, by-laws and regulations on behalf of communities and the Province; and
- Act as an adjustment body for planning by-laws and regulations – such as granting variances, similar or compatible uses, temporary permits, impose terms and conditions on permitted uses when directed by municipal by-law or provincial regulation, etc.

The objective was to foster inter-municipal/unincorporated area planning and have all communities within the district adopt local planning instruments in keeping with a provincially adopted regional plan.

Immediately following the adoption of the *Community Planning Act* (1973), the Community Planning Branch of the Department of Municipal Affairs was mandated to initiate a regional planning exercise for the Saint John region. The process faltered early due mostly to community resistance to land use planning in rural areas. Unincorporated-area residents did not want the Province to get involved in what they considered to be local matters. Regional planning exercises could have contributed to some inter-jurisdictional decision-making, but the lack of provincial objectives and purpose ensured that discussions would be dominated by local imperatives.

Following this setback, staff at the Community Planning Branch was directed to offer their services (without charge) to municipalities or unincorporated areas wishing to embark on local land use planning processes. This work was originally destined for district planning commissions. Many municipal plans, basic planning statements and zoning by-laws were thus prepared by provincial staff until the early 1990s. In most instances, communities were reacting to specific problems and since the service was offered at no cost, provincial staff was in high demand.

Gradually, some regions decided to implement district planning commissions themselves. Government subsidies made it attractive and ensured that individual municipalities and communities unable to afford staff would have access to planning services through the district planning commissions. In retrospect, it appears that the creation of

district planning commissions was motivated more by the desire to provide cost-effective local planning services to communities than by a quest for regional planning. Notwithstanding the available provincial financial assistance, 60 per cent of unincorporated areas did not adhere to a district planning commission and continued to be served directly by staff of the Department of Municipal Affairs, either directly from Fredericton or through its network of regional offices. For no specific reason, except perhaps a more pronounced desire by these communities to manage their affairs locally, planning commissions were first established mainly in francophone areas of the Province.

9.3 Commission on Land Use and the Rural Environment

By the early 1990s, a significant gap had developed between what the legislation called for in the area of community and land use planning and what was actually occurring on the ground. This gap was brought in sharper focus as the province became more urbanized and its economic development accelerated. Concerns were raised with regard to the location and the manner in which growth occurred. It became clearer that unplanned settlements were threatening both natural resources in the rural areas and the viability of communities in towns and cities. Communities, rural and urban, were not developing in a sustainable fashion. This prompted the provincial government of the day to establish the **Commission on Land Use and the Rural Environment** (**CLURE**) in January 1992.

The concerns that led to the creation of this review of the planning function in the province were summarized in the very first page of the commission's final report:

> *"...unplanned and largely unregulated growth of residential, commercial and industrial uses has resulted in conflicts with traditional rural activities related to resources and has posed serious threats to our water resources as well as our natural and sensitive areas. This pattern of development has undermined the growth and tax base of municipalities and has resulted in increasing costs to provincial taxpayers in order to provide this inefficient form of development with community services such as police, fire, ambulance and school bussing and utilities such as power and, sometimes, water and sewage services"* (**CLURE** 1993, p.1).

The Commission determined that much of the problem was due to the fact that a good deal of the 1973 legislation had not been implemented as well as to the *"very fragmented* [sector-by-sector] *approach to regional development"* taken by the provincial government. It also concluded that most of the development issues that needed to be addressed affected multiple communities and were deemed inter-jurisdictional. Its report contained several recommendations aimed at taking New Brunswick a step further in the area of planning. It proposed a structure and process at the provincial, regional and local level that would enable urban and rural residents to plan and develop their communities in a more coordinated and integrated fashion while respecting the principles of sustainable development.

A key recommendation concerned the development of province-wide planning statements. These statements would outline the Province's general goals, objectives and policies pertaining to land use and development more generally (settlement, resources and natural environment issues). They could be contained in a separate provincial document or could be adopted as part of a basic planning statement (as per the *Community Planning Act*) for the whole province. Regardless of the option chosen, such statements would apply to the whole province to include both the incorporated municipalities and the unincorporated areas. *"By their very nature, the policies would have to be fairly broad since they would have to serve as a guide to a wide range of uses in differing areas of the Province. They would be intended to provide the overall framework to guide the preparation and assessment of plans at the regional and local levels"* (**CLURE** 1993, p.50). Local circumstances would be interpreted and reflected through more detailed regional or local plans in various parts of the province. The Commission was of the view that without provincially guided regional plans, provincial interest in issues such as urban sprawl, protection of coastal lands, protection of wetlands, etc., would not be properly articulated.

Other Canadian jurisdictions such as Manitoba, Saskatchewan, Ontario and Québec had tackled these issues by way of provincial land use policies or general policy statements that outlined the provincial interest. This ensures that regional or local-level plans are developed according to a broad provincial framework. The compulsory nature of provincial land use policies guarantees that they will be implemented by a regional entity or through local planning instruments such as municipal plans or local basic planning statements.

To go along with provincial planning statements, the Commission recommended that district planning commissions be enhanced and their coverage extended to the whole province from the 40 per cent of the population and 10 per cent of the land it included at the time of the review. As a result of that expansion, there would be no land area in the province that would not fall within the scope of a district planning commission. The number of districts would go from nine to between 12 and 15 with as many regional plans. Furthermore, it was recommended that the *Community Planning Act* be amended to include a definition of a "*district plan*" (meaning regional in the context of the Act). To foster increased coordination, related provincial government depa: tments and regional agencies would participate, in a technical support capacity, in planning commissions' meetings and projects. Provincial departments and agencies staff would ensure that the interests of the provincial government would be considered in the development of regional plans. Municipal or local plans would be reviewed and amended to conform to district or regional plans.

A major difficulty in establishing regional planning structures in New Brunswick was the absence of elected and accountable local governments for most of the province's territory. The Commission did not advocate the creation of rural municipalities, but proposed the establishment of the "*rural community*" as a new form of local governance. These "*rural communities*" would participate in district planning commissions and be given powers outlined in the *Community Planning Act* relative to the adoption and amendment of planning by-laws. Implementation of planning processes would be carried out by a district planning commission staff. The "*rural community*" would have minimal staff to support its governance function and was deemed an enhanced LSD (with planning powers) with its representatives elected during municipal elections. "*It is proposed that several LSDs would be combined into a Rural Community which would have an elected Community Council. Each present LSD would elect one member to the Rural Community Council*" (**Summary Report, CLURE**).

The provincial government response to the Commission's recommendations was mixed. At first, it endorsed one of the commission's main recommendations, which was that the Province should be setting province-wide policies for a number of sectors to constitute a framework for local and regional planning:

> "*The Government is in agreement with the recommendation to develop new provincial land use policies and has initiated a process through the responsible Ministers working with citizen advisory groups to develop policies for a number of sectors and interests identified in the CLURE Report...The Government recognizes that a set of provincial land use and rural development policies will constitute the framework for district and local level land use planning*" (**Government Response to CLURE**, p. 23).

In the months immediately following the Commission's tabling of its report, planning resources at the Department of Municipalities, Culture and Housing were indeed redirected to developing and preparing provincial policies for government consideration. There is evidence that a number of such policies were contemplated and worked on by an interdepartmental committee under the guidance of the Department of Municipalities, Culture and Housing. Policy statements were prepared on coastal lands as well as on settlement patterns and wetlands. None, however, were drafted as regulations and formally adopted. In other words, they were never given the force of law. Some are still being developed today.

Not much support was expressed for the Commission's proposed enhanced regional planning structure. Government did not see district-wide or regional planning as a high priority. Thus, district planning commissions were not authorized to undertake regional or district planning in the initial stage. In their "*formative years*" the commissions would focus on the provision of local planning services. Only over time, with the participating members' agreement and the Minister's authorization, would they assume responsibility for regional planning. District planning commissions were, however, restructured from a fiscal and territorial perspective. They were partly funded by a standardized staffing grant from the Department of Municipalities, Culture and Housing, with the remaining costs being paid according to property assessment in the district. Municipal participation continued to be optional. Unincorporated areas outside existing district planning commissions were now deemed to be part of a new temporary "*rural district planning commission.*" This ensured that all unincorporated New Brunswick was part of a district planning commission and financed its activities under the same model as municipalities. The objective was to create over the ensuing years, region specific planning commissions over the entire provincial territory, thus eliminating the need for the temporary "*rural district planning commission.*"

Government was, however, more receptive to **CLURE's** proposal for the creation of rural communities as a new form of local governance.

This approach would allow for the introduction of some formal land use planning in the unincorporated areas without having to tackle the issue of local government financing and governance. People living in the unincorporated areas would be able to come together to discuss the future of their communities without having to commit to full-scale local government. The first rural community under the model proposed by **CLURE** – Beaubassin Est – was established by consolidating six local service districts east of the Town of Shediac. It was developed as a pilot project aimed at understanding the governance and planning implementation challenges of such a structure prior to establishing other rural communities in New Brunswick. As part of the establishment of the first rural community, a new planning instrument designed for rural communities was also developed. It was the *"rural plan"* that brought together in a single document the basic planning statement and the zoning regulations. This responded to an issue that surfaced in several New Brunswick communities where residents had difficulty acknowledging the difference between a planning policy and the regulatory function of zoning. The rural plan was also deemed appropriate for smaller municipalities, particularly villages that had few resources or very basic planning issues, or both.

In the final analysis, very few of **CLURE's** policy directions concerning planning and local governance were implemented. During the 1990s, the provincial government spent much of its political capital on regionalizing its health and education sectors. Community and land use planning were simply potentially too controversial to be added to the agenda. A change of government in 1999 meant that significant changes in local governance, including planning, would again have to wait a few more years.

9.4 Post-CLURE Initiatives

Shortly after being elected in 1999, the then-new government of premier Bernard Lord was confronted with local governance issues, including the lack of consistent community and land use planning, in the same way as previous governments had been since the mid 1960s. It felt the need to conduct its own assessment of the situation. To do so, it instituted the **Minister's Round Table on Local Governance** which reported in 2001. The review group was composed of representatives of municipal associations and LSDs, as well as from district planning commissions, economic development commissions and solid waste commissions. It also included Cabinet ministers. The mandate being about local governance more generally, planning was only one of several issues the **Round Table** had to address. It was readily acknowledged, however, that planning concerns were connected to other governance issues.

Like **CLURE**, the study group felt that in unincorporated areas (suburban and rural), development continued to occur without being properly planned and managed, resulting in a variety of land use conflicts and environmental impacts. Recognizing that such issues were not new, it was of the view, however, that *"...the need to address them is becoming more critical."* It also argued that *"... given that these issues are interconnected, it was determined that they should be addressed in an integrated manner, with input from key stakeholders, to ensure that the recommendations ultimately developed, whether on structure or finances, would complement one another"* (**Minister's Round Table on Local Governance,** 2001, p.1).

While the **Round Table** deliberated on various governance issues and its report placed much emphasis on regional collaboration, it failed to propose a regional service delivery model that would have moved the province closer to a solution on the thorny question of community and land use planning. Although it argued that individual local land use plans within a region should not conflict or undermine one another and that they should be linked to regional considerations, it did not advocate the presence of a higher-level regional plan to guide overall development. At best, regionalization of community and land use planning was seen as a manner to lower service unit costs and entertain some collaborative discussions rather than as an instrument of inter-jurisdictional development.

As part of its response to the **Report of the Minister's Round Table on Local Governance**, the provincial government decided to engage members of the Legislative Assembly (MLAs) and the general public through an all-party **Select Committee of the Legislative Assembly on Local Governance and Regional Collaboration**. Established in December 2001, it was charged with the responsibility of conducting public consultation on a broad range of issues identified by the **Round Table**. In its final report, tabled in January 2003, the **Select Committee** went where the **Round Table** dared not go and concluded that several of the social, economic and environmental issues encountered in the province were due not only to the lack of local planning in the unincorporated areas but also to the lack of planning at the provincial and regional level. It specifically stated that:

"[t]he social, economic and environmental public costs that have resulted from a lack of local planning in unincorporated areas, are also due to a lack of planning at the provincial and regional level. ...[a] comprehensive and integrated Provincial Planning Policy should be developed to articulate the goals to be pursued by the provincial government, municipalities and local service districts for the building of sustainable urban and rural communities" (**Select Committee on Local Governance and Regional Collaboration for New Brunswick**, 2003, p.21) .

It articulated its conception of a provincial and regional planning policy in the following manner:

"A Provincial Planning Policy should be limited to the articulation of the overall goals to be pursued. A regional planning tool would enable the local service districts and municipalities of each region to formulate a plan for their region in order to address their common and conflicting needs and interests, while achieving the provincial planning goals. A regional plan would also guide the preparation and review of local land use/community plans so they meet the needs and interests of each community, while addressing the collective needs and interests of all communities of the region" (2003, p.21).

While the Lord government pronounced itself in favour of the direction outlined in the **Select Committee report** regarding provincial and regional planning, not much action was taken. Like previous governments, it was reluctant to tackle long-standing related issues of local governance. Not only was the basic LSD structure retained, but it could be argued that the ability to plan provincially and regionally was further weakened by the broadening of the concept of rural communities to resemble municipal government. Indeed, by adding to the number of stand-alone administrative units without an appropriate framework for inter-jurisdictional collaboration, provincial and regional planning would be even more difficult to achieve.

Although important strides have been made in purely local planning since the **CLURE** report was tabled in the early 1990s, the fact is that not much progress has been accomplished with regard to provincial and regional planning. While some work is continuing on the development of provincial policy statements, there have been no significant policy enhancements put in place to address the collective planning needs and interests of communities within each region of the province.

9.5 Taking the Next Step

The above assessment of New Brunswick's planning legislation and of prior reviews, suggests that the essential elements of a modern community and land use planning structure/process have, over the years, been identified. There is general agreement that specific provincial planning issues should be addressed through provincial planning statements that, in turn, would be integrated and implemented in regional and local plans. Regional service districts (RSDs) as proposed in Chapter 8 of this report provide the organizational and management framework through which integrated (inter-sectoral and inter-municipal) planning services should be delivered in the future. With elected representation, RSD boards could adopt regional plans, much in the same way as municipal councils do a municipal plan, and be held fully accountable during their implementation.

At the provincial level

The *Community Planning Act*, in its present form, enables the provincial government to prepare and adopt province-wide planning statements. Their development should be undertaken and completed without further delay. Provincial planning statements should be developed on the following topics and reflected in regional strategic plans and local plans:

- Housing – affordable housing, private developments such as manufactured homes parks, condominiums, etc.;
- Urban sprawl – development on periphery of existing urban municipalities;
- Industrial uses;
- Regional recreation infrastructure and sites;
- Public use of Crown lands;
- Coastal areas, marshlands, islands and river protection;
- Watershed protection;
- Cultural and heritage sites;
- Flood plains and other natural constraint sites;

- Potential at-risk areas such as transportation corridors, abandoned landfill sites, contaminated lands (brownfields), dams, use of hazardous or dangerous materials, etc.;
- Mineral resources including peat moss, granulates and mineral deposits;
- Watercourse protection;
- Drinking water resources;
- Sewerage disposal;
- Solid waste disposal and recuperation;
- Transportation and rail networks;
- Airport development;
- Maritime transportation systems;
- Energy and telecommunications networks;
- Location of general public services such as education, health, etc. infrastructure; and
- Other issues deemed necessary by the minister.

At the provincial level, we envision that sustainable community and land use planning statements would be adopted by Cabinet and applied, through *"regional strategic plans"* (RSPs as proposed in Chapter 8) and local plans, under the statutory responsibility of one minister. In the present New Brunswick context and departmental nomenclature, this would logically be the Department of Local Government. This Department is mandated to serve as the liaison between the various municipalities, their associations, and the provincial government and its departments. Under our proposal it would also be the main liaison with the regional service districts. Recommendation 78 in Chapter 11 also addresses this issue through the integration of the *Municipalities Act* and the *Community Planning Act*.

However, since comprehensive sustainable community development plans and policies, by their very nature, cross departmental lines and jurisdictions, they cannot be properly formulated without input from related departments and agencies. Similarly, their implementation requires the cooperation and participation of several departments. In recognition of these interdependencies, a permanent mechanism or body is, therefore, required above the departmental level. We propose that an *"Interdepartmental Committee of Deputy Ministers on Community Development and Land Use Planning"* be established within the provincial government. This committee would address one of the major constraints affecting the Province's ability to conduct comprehensive and integrated planning, that is, silo effects or the lack of interdepartmental coordination. Given that community and land use planning policies are not the only realm of the Department of Local Government and because of the potential for conflicts with its other responsibilities, the committee should preferably be chaired by the Cabinet Secretariat. This would ensure greater neutrality and fairness in decision-making.

Recommendation: 33

It is recommended that, as per the *Community Planning Act*, provincial planning issues be addressed through broad provincial planning statements that, in turn, would be integrated and implemented in regional strategic plans and local plans. It is further recommended that the provincial government adopt a firm calendar for the completion of such planning statements.

Recommendation: 34

It is recommended that a permanent *"Interdepartmental Committee of Deputy Ministers on Community Development and Land Use Planning"* be established to provide coordination and integration in the development and implementation of provincial planning statements.

At the regional level

As outlined in Chapter 8 of this report, the regional service district model incorporates a regional strategic plan. Just as the Province would adopt planning statements for the whole province, each regional service district should be given the mandate and resources to develop and prepare a regional strategic plan (RSP). This is a comprehensive and integrated community development plan for the whole region including the social, cultural, economic and physical development of the region. Sections of the present *Community Planning Act* pertaining to regional planning provide the necessary authority for the establishment of such an integrated regional planning structure and process. The present description of *"regional plan"* under the Act would require only slight modifications to enable it to be used as a description of the proposed *"regional strategic plan"* (RSP). It would be important, however, that the RSP be defined in the Act in order to recognize formally this proposed new and enhanced planning instrument.

Other relatively minor amendments to the Act would also be necessary to reflect changes in terminology, render regional strategic plans more explicit in terms of their overall structure and content, and to outline an approval process. As well, amendments to the *Community Planning Act* would be required to allow the transfer of responsibility for the development of RSPs from the provincial government to the respective RSDs. The development of RSPs would be a step toward more regional and local responsibility and decentralized decision-making.

The plan for each region is not to be just a land use plan. It should be comprehensive and holistic. This does not mean, however, that it cannot be strategic or focus on priority areas for specific action. It needs to integrate economic development and resource management considerations. As envisioned, the RSP would strive to:

- Gain a better understanding of the socio-economic and environmental characteristics of the region;
- Serve as a social and economic development strategy for the region in accordance with sustainable development principles;
- Generate a regional consensus between municipalities, community partners and government departments and institutions;
- Plan and coordinate the major land uses and associated activities in the region; and
- Provide an implementation plan for attaining the stated objectives.

Regional strategic plans would have a common structure and content and would typically cover the following subject matters:

- General characteristics of the region. This would include socio-economic and biophysical data such as general population trends, households, education, employment profiles, income, inter-regional links, geology, climate, landform, hydrography, vegetation, etc.;
- Policies affecting the use of land in the region; a) identification of urban and rural development boundaries and propose location of residential, commercial and service locations in accordance with sustainable development principles; b) identification of agricultural lands and mineral resources such as peat moss, granulate, gravel, sand, etc., and policies concerning their existing and potential uses; c) identification of natural environmental sites that require protection and management, including coastal areas, marshlands, islands, rivers, ecotourism sites, etc. that contain special ecological aspects and are deemed to be fragile environments; d) identification of natural constraints areas such as flood plains, potential landslide sites, etc., which become an environmental and public security issue for the region or the province; and e) potential use of Crown lands in the region. Such policies would take into account existing provincial contractual obligations relative to uses of Crown land;
- Policies concerning water sources. Protection of drinking water sources both surface and well fields, and water delivery systems;
- Policies regarding waste disposal. This would include sewerage systems, solid waste disposal, recycling, automobile graveyards, hazardous and dangerous materials, etc., as well as future location of such activities;
- Policies regarding transportation/communication and energy infrastructure. This would include; a) inter-municipal and inter-regional road networks, public transit, commercial vehicles and trucking, rail transportation; b) air and sea transportation networks such as docking facilities and airport development; and c) energy and telecommunications networks and transmission infrastructure;
- Policies regarding the protection of heritage. Identification and protection of cultural and heritage sites in the region;
- Policies regarding major recreational sites and infrastructure. This could lead to the identification of regional recreational infrastructure as well as recreational sites. Potential regional sites could include parks, bicycle and walking trails, snowmobile trails, marinas, campgrounds, etc.; and
- Other issues deemed necessary by the Minister.

Regional strategic plans, when fully developed, would be expected to influence the location of provincial and federal facilities and infrastructure in areas such as healthcare, social services, public education, post-secondary education, as well as regional or inter-municipal service facilities in tourism, culture, recreation, social housing, etc. They would also inform future federal and provincial infrastructure funding.

Participation in the RSP would be compulsory. Municipalities' consent and financial participation would be ensured through their representation on the RSD board. Although not requiring formal provincial approval, RSPs would be expected to conform to provincial planning statements. However, while the RSP would conform to provincial planning statements, it could develop more detailed policies and land use designations to recognize specific or unique requirements within the particular region. In the event that the Province or

municipalities do not agree on plan content or conformity, a dispute resolution mechanism would be provided. (Refer to Chapter 12 regarding our proposal for such a mechanism.)

An RSP would have to be completed for each region within three to five years of the establishment of the RSD structure (see Chapter 8). Provisions should be made for revisions every 5 years. Public participation, through a formal hearing process, would be provided for in the event of an application to amend the plan within this 5 year period.

As suggested in **CLURE** (1993), provisions should also be made for *"specialty plans"* within a region or for matters overlapping between regions. For example, separate watershed and coastal zone plans could continue to be prepared and become components of the broader RSP.

Recommendation: 35

It is recommended that the *Community Planning Act* be amended to define the *"regional strategic plan"* and formally recognize it as a new and enhanced planning instrument.

Recommendation: 36

It is recommended that the *Community Planning Act* be further amended to transfer the responsibility for the preparation and administration of regional strategic plans from the Province to the regional service districts.

Recommendation: 37

It is recommended that provisions for public participation be made at the stage of developing the initial regional strategic plan in each region. Public participation could come through committees of the regional service district board or through open public meetings.

Recommendation: 38

It is recommended that the regional strategic plan be formally revised every five years and that provisions for public participation, through a hearing process, be available in the event of an application to amend the plan within this five-year period.

At the local level

Local plans should continue to be adopted by local government entities but be subject to approval by the RSD as conforming to the RSP.

Municipalities should be given the option of acquiring local planning services from the regional service entity, hiring their own staff, contracting with the private sector, or from other municipalities. The cost of local planning services would be borne by local municipalities.

As part of this planning function overhaul, the issue of recognition and certification of planners in New Brunswick should be reviewed. Legislation providing for the certification of planners should be considered. As much as possible, planning positions in the provincial government, RSDs and municipalities should be staffed by recognized professional planners.

The management of local land use plans should be streamlined by allowing development officers to approve minor variances. Where a request for a minor variance is rejected by the development officer, provision should be made to allow for the decision to be appealed to the local planning advisory committee (PAC). The PAC's decision should be final. The present practice of having appointed planning commissioners or planning advisory committee members decide on such minor issues is too time consuming and detracts from their policy responsibilities.

PACs should be concerned with more substantial adjustments relative to planning by-laws, such as similar or compatible uses, enabling non-conforming uses to continue, or temporary uses. Consideration should also be given to a one-stop-shopping structure for the various approval agencies to ensure the timely review of development applications in all municipalities.

Recommendation: 39

It is recommended that the management of municipal land use plans be streamlined by allowing *"development officers"* to approve minor variances. It is further recommended that in the instance where a minor variance is rejected by the *"development officer,"* provision be made to allow for the decision to be appealed to the local planning advisory committee during a public meeting and that the committee's decision be final.

Recommendation: 40

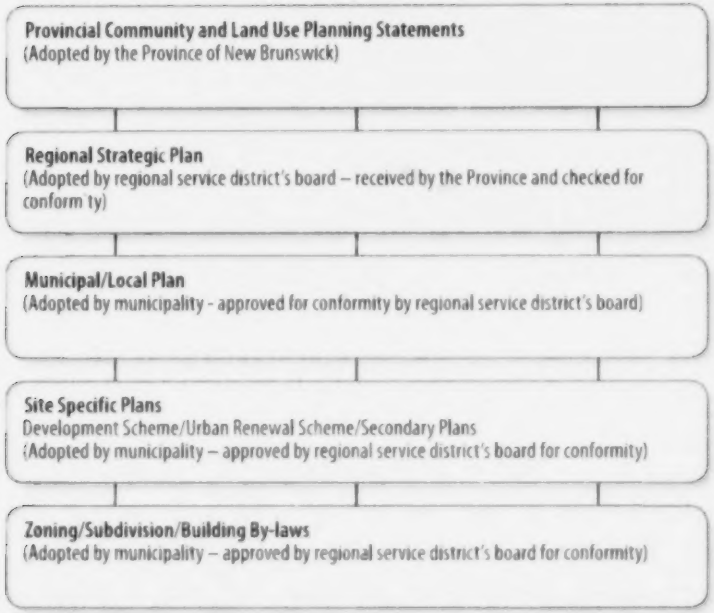
It is recommended that provincial legislation providing for the professional recognition and certification of planners be considered and that, over time, planning positions in

the provincial government, regional service districts and municipalities be staffed with recognized professional planners.

In Summary

Our proposals to revamp the community and land use planning function would establish a hierarchy of plans or basic planning statements in the province with each level conforming to the general policies or proposals of the higher level plans. This hierarchy is graphically illustrated in Figure 1 below.

Figure 1: Planning Regulation/By-laws Hierarchy and Adopting Entity


Provincial Community and Land Use Planning Statements
(Adopted by the Province of New Brunswick)
Regional Strategic Plan
(Adopted by regional service district's board – received by the Province and checked for conform ty)
Municipal/Local Plan
(Adopted by municipality - approved for conformity by regional service district's board)
Site Specific Plans
Development Scheme/Urban Renewal Scheme/Secondary Plans
(Adopted by municipality – approved by regional service district's board for conformity)
Zoning/Subdivision/Building By-laws
(Adopted by municipality – approved by regional service district's board for conformity)

The direction proposed in this report as it relates to planning is consistent with **CLURE** (1993). However, while **CLURE** focused mainly on land use planning in rural areas, we are concerned with planning more broadly, as a fundamental function of management. The solutions that we are putting forward for consideration are an integral part of a new local governance structure. They are aimed at establishing planning as a front-end function for local government and the basis on which most of its decisions would be made. Several of these solutions could not be implemented under the present conditions, given that there are no elected municipal councils in a large part of the province and that there is no regional multi-service delivery structure currently in place.

Many of the structural and process changes recommended in this report relating to planning could be implemented within the authority of the present *Community Planning Act*. Others would require minor amendments. We are of the view that the provincial government should proceed expeditiously with the most urgent changes, those that are essential to the implementation of the recommendations contained in this report. This is not to say, however, that the *Community Planning Act* should not be more fundamentally reviewed and modernized. It has been in place for more than 35 years and its underlying philosophy probably needs to be re-examined. That should become part of a more comprehensive review of local governance legislation in this province. As suggested in Chapter 11, revised community planning legislation should be closely integrated within local governance legislation rather than standing as a separate statute.

Outline

Chapter 10
Toward More Fiscal Autonomy for Local Governments

10.1 Evolving Nature of Local Government 129
10.2 Looking Back on Municipal Fiscal Arrangements 130
Property tax policies 130
Provincial transfers to municipalities 131
The 65 cent levy 131
10.3 What Was Said about the Current Fiscal Regime 132
10.4 System-Wide Considerations 133
Basic premise of the Equal Opportunity program 133
Local autonomy 133
Tax sharing versus tax room 133
Stability and predictability 134
Uniform property tax treatment 134
Accountability and transparency 134
10.5 Looking Forward – Key Features of the New Approach 134
Elimination of the unconditional grant 134
Property tax room transfer 135
Taxation rules and local taxation decisions 136
New rules and calculation for equalization funding 137
Maintenance of present property assessment process 139
Continuity of funding level 140
Relation to service regionalization 142
Tax rate matching service level 142
Funding of services in former local service districts 142
Uniform application of property taxation 143
Services to roads in former local service districts 143
Policing services in former local service districts 144
10.6 Overall Financial Impact of the Proposed Fiscal Regime 144
10.7 Related Matters 145
Non-owner-occupied residences (apartments) 145
Affordable housing 145
Infrastructure renewal 145
Other tax revenues 146
Condominiums 147
Granny suites 147
Requirements of the New Brunswick Municipal Finance Corporation 147
Downloading 147
Sharing of industrial/commercial development revenue 148
Farmland/forests 148
10.8 An Integrated Approach 148
Transition considerations 150
In Summary 150
Appendixes
Appendix 1: Unconditional Grant as Percentage of Total Budget by Municipality, Local Service District and Rural Community 151

Chapter 10
Toward More Fiscal Autonomy for Local Governments

Local governments must be designed in a way that ensures that they have the capacity to fulfill their legislated mandate, that they have sufficient administrative flexibility to respond effectively to changing circumstances in a timely manner, and just as importantly, that they have access to the financial resources necessary to exercise their responsibilities and that they are accountable to the local taxpayers for the decisions they make and the funds they spend.

10.1 Evolving Nature of Local Government

Municipalities, being a permanent part of the governance landscape, must be organized and resourced in a manner commensurate with their local mandate. As duly elected democratic institutions with taxation powers and legislative (by-law) authority, they play an increasingly important role at the local level in an ever-increasing global environment. Service levels for recreation and fire protection, effectiveness in the protection of public water supplies and the extent of local policing services all affect the quality of life in each community. The quality of life at the local level has as important a direct impact on the appeal of the province as a place to live, to work and to invest as do provincial policies. Sound and effective local government is, therefore, a key element in a self-sufficient province.

How municipal governments and the services they provide are funded has a direct influence on political responsibility and accountability at the local level. It also has a bearing on the autonomy of local governments. For these reasons, municipal fiscal issues should not and cannot be examined in isolation. They need to be considered carefully and discussed in the broader organizational and structural context, including the nature of the mandate of local governments. The breadth of the taxation field available to local entities, the sharing of tax revenues with the Province to help defray the costs of local services, and transfers from the Province for providing purely local services are not without consequences for municipal governments' role, accountability and autonomy.

10.2 Looking Back on Municipal Fiscal Arrangements

The key elements of the present municipal fiscal arrangements were put in place in 1966 along with the implementation of the Equal Opportunity (EO) program. Basically, they reflect the redistribution of responsibilities between the Province and the municipalities that took place at that time. The Province would be mainly responsible for services to people and would, therefore, pay for and deliver health, education, justice and social services, while local governments would deliver and pay for services to properties. Consequently, New Brunswick's municipalities rely on property taxes as the core source of revenue for the funding of their general operations and local services.

The Province, on the other hand, relies mainly on sales and income taxes and federal transfers to fund the services it delivers. And although local governments have no direct access to revenues from sales and income taxes, they do benefit from provincial transfers which are themselves funded from general tax revenues. But it is also important to point out that the Province occupies part of the property tax field, that in all the other provinces except Prince Edward Island, belongs exclusively to local governments. The Province's access to property taxes was originally justified on the basis that its areas of responsibility require funding beyond what can be derived from its own revenue sources, as well as on the fact that it retained responsibility to deliver and fund municipal-type services in local service districts (LSDs).

Several developments have occurred since 1966 that have had an impact on these arrangements. First, the delineation of responsibilities between the Province and local governments has not proven to be as clear and tight as it was intended. Local governments have, over time, (voluntarily and not so voluntarily) taken more responsibilities for services to people (transit, cultural and recreational services). Second, at the provincial level, the government has significantly increased its capacity to generate revenue from its own sources (apart from property taxes). The situation has, therefore, evolved in such a way that local governments now find that property taxes, as presently shared, are not sufficient to meet their expanded expenditure needs. They have been asking either for larger transfers from the Province or for access to additional tax revenue, or both. Non-tax revenue (from the sale of services, licence fees, rents, etc.), while important, is not considered an adequate solution to the municipalities' shortage of financial resources, although user charges could be utilized more broadly in several instances. The Province, on the other hand, has, over the years, seen property tax revenue yield a smaller and smaller share of its expenditure needs.

It is now time, therefore, to realign the fiscal arrangements so as to better reflect the expenditure needs and revenue raising capacities of today's local governments, as well as to improve transparency and accountability at both the provincial and local levels. Before discussing such realignment, however, it is important to look in more detail at the present fiscal regime and to summarize what we have learned from previous studies and heard from those who made their views known to us about potential changes.

Property tax policies

In New Brunswick, not only are the provincial and municipal governments each occupying part of the property tax field, but properties are taxed differently depending on whether one is in a municipality or an LSD.

The Province taxes residential properties at a rate of $1.50 per $100 of assessment. This tax is to assist the Province in providing social-type services (e.g., education, health) to people. In reality, however, since owner-occupied residential properties receive an equivalent credit (the Provincial Residential Property Tax Credit) against this provincial tax, no provincial property tax is paid on owner-occupied properties. Effectively, only non-owner-occupied residential properties (apartments, etc.) are subject to the full provincial $1.50 tax rate.

In municipalities, in addition to the provincial non-owner-occupied tax, residential properties (both owner-occupied and non-owner-occupied) are also subject to a municipal/local property tax rate established by local governments to finance the provision of local services. For 2008, the average municipal residential property tax rate was $1.51 per $100 of assessment.

Outside of a municipality, i.e., in LSDs and rural communities, owner-occupied residential properties are subject to a special provincial rate of $0.65 per $100 of assessment. This rate, set by legislation, is applied to help cover the cost of municipal-type services such as policing and road services that are provided by the Province in these communities. In addition, the minister can set a local property tax rate at the request of the residents to cover the cost of purely local services such as street

lighting and recreation services. The average LSD local residential property tax rate for 2008 is $0.28 per $100 of assessment.

Provincially, non-residential properties (i.e., commercial/industrial), are taxed at a rate of $2.25 per $100 of assessment. In addition, all local entities tax those properties at 1.5 times the corresponding residential rate. In 2008, non-residential properties are taxed at an average of $2.27 per $100 of assessment in municipalities. In the unincorporated areas, i.e., the LSDs, the same class of non-residential properties is taxed at an average local rate of $0.42 per $100 of assessment.

The differential property tax treatment for certain categories of property, the tax inequities amongst certain properties in unincorporated areas, and the tax rates applied are all matters requiring attention.

Provincial transfers to municipalities

Within municipalities revenues from property taxes are determined by two factors: property assessments and the local property tax rate. Property tax assessments are provided by Service New Brunswick (SNB) using uniform assessment practices based on market value in each community. The locally elected body in each municipality establishes the property tax rate to be applied to assessed properties based on local service needs and expectations. Municipal property tax revenues are also supplemented by an unconditional transfer payment from the Province.

Several efforts have been made over the years to develop an unconditional transfer mechanism from the Province to municipalities that is perceived as fair, yields adequate levels of funding, provides stability and certainty respecting annual funding and adheres to other long-established principles of public finance. Working with their municipal counterparts, successive provincial governments have tried without success to develop a generally acceptable transfer mechanism. In practice, the derived transfer amounts have been widely criticized at the local level for creating financial winners and losers, for providing inadequate levels of funding, for being arbitrary at best or for ignoring the financial and operational realities at the municipal level. Interestingly, transfer payments of this nature are also criticized in Mintz & Roberts, **Running on Empty: A Proposal to Improve Cities Finances** (2006, p.6), because they undermine true accountability for taxation and expenditure decisions by these local entities.

The issue of the level of provincial funding available to individual municipalities and how this transfer is calculated is further complicated by the sheer number of municipalities. Simply put, with 101 municipalities, ranging in population from a few hundred to 70,000, vying for funding from the same pool, it is virtually impossible to construct a workable transfer mechanism. More recently, in the face of broad opposition by local governments, the theoretical funding models have been set aside in favour of annual municipal funding allocations based essentially on the previous year's funding levels with a small inflationary adjustment. In effect, stability and predictability in funding transfers have taken precedence over principles of public finance out of political and practical necessity. Unfortunately, reliance on these fixed annual funding amounts, even multi-year allocations, promotes short-term planning due to the lack of long-term certainty.

The fact that successive provincial governments have reduced the overall municipal unconditional transfer envelope available to municipalities as a cost saving measure has also proven to be a source of provincial-municipal conflict. This conflict arises as any reduction in funding transfers from the Province must often be met with an offsetting tax rate increase or service level decrease at the municipal level.

The percentage of unconditional grant support (2008) varies amongst municipalities from just under one per cent of total budget in Florenceville to 35 per cent in Saint-Léolin. Overall, the unconditional grant provides, on average, about 11 per cent of municipal revenues, with the balance coming from property taxation (78 per cent) and non-tax revenues (11 per cent). Appendix 1 of this chapter shows the value of the present unconditional grant to existing municipalities.

The purpose, value and determination of provincial-municipal transfers are a matter of considerable significance to both municipalities and the Province.

The 65 cent levy

The Province levies a base 65 cent tax rate on owner-occupied residential properties in all LSDs to help fund road services, policing and dog control services, but the adequacy of the 65 cent levy itself has been the subject of much debate in recent years. The rate for provincially supplied local services has not been adjusted since 1984. Yet despite higher provincial revenue due to increases in property values, the Comptroller's Office (**Review of Provincially Provided**

Local Services in Local Service Districts, 2008) has estimated that in 2008 there is a gap of approximately $55 million between the amount of revenue raised by the 65 cent rate and the actual cost of the local services provided by the Province in the LSDs. The so called '65-cent issue' in the LSDs is a long outstanding matter and one that must be addressed.

10.3 What Was Said about the Current Fiscal Regime

The present local government fiscal regime has been criticized for its differential application within and outside municipalities, its exclusive focus on property taxation, its inadequacy in meeting local government expenditure needs, the perceived unfair and arbitrary nature of its provincial transfer component, its undermining of accountability to taxpayers and its lack of transparency. In an effort to determine the kind of fiscal regime that would both address the above criticisms and support the new local governance framework proposed in this report, we undertook a detailed review of what past studies and briefs submitted to this Commissioner recommended on these subjects.

Looking at the many province-wide reviews of local governance conducted in New Brunswick between 1972 and 2003, one is struck by how little attention was paid (except for Allen 1976 and **CLURE** 1993) to the basic question of local government design (i.e., the number of local administrations, their size, organization, structure and mode of operation). In most of these studies, financial matters took centre stage and were examined largely in isolation of the broader organizational and structural issues. Topics that attracted the most attention were; the financing of local services in the non-incorporated areas (e.g., Allen, 1972), the unconditional grant from the Province to local administrations (e.g., Kitchen & Slack, 1996) and, more recently, access by local governments to sources of revenue other than property taxes (e.g., Minister's Roundtable on Local Governance, 2001). During that period, however, it is clearly the unconditional grant that was the most thoroughly scrutinized and debated.

While no clear consensus has emerged on a revised municipal fiscal regime, the report of the **Minister's Round Table on Local Governance** (2001) has articulated what it saw as the principles against which future financing options should be evaluated. These principles, which relate mainly to the unconditional grant component of the municipal fiscal regime, are summarized as follows:

Accountability: The transfer mechanism should ensure that the provincial and local levels of government involved remain accountable and responsible to the taxpayer;

Equity: Local administrations with similar responsibilities should be treated in the same manner. Equity does not mean that each will be treated equally but rather that each be treated fairly;

Fiscal Autonomy: Fiscal autonomy refers to the capacity of a local administration to meet its financial requirements through its own sources of revenue;

Flexibility: There is a need for the transfer mechanism to have a measure of flexibility in order to be able to respond to changing fiscal and economic circumstances;

Neutrality: The grant (provincial transfer) should not influence the expenditure patterns and policy decisions of the recipient local administration. A local administration should not be able to influence the amount of grant it receives through its expenditure decisions;

Predictability: There is a need to be able to forecast, with some degree of certainty, those revenues that will be received over time;

Simplicity: Any transfer mechanism should be easy to understand in terms of what it is intended to accomplish. The calculations in a transfer mechanism might be complex, but the goal or intent of the funding arrangement should remain simple and clear; and

Stability: Revenues from the transfer should not be subject to large and unexpected fluctuations. There should be a measure of stability from year to year.

Submissions made by stakeholders in the course of this review, while touching on a broad range of governance issues, also focused largely on financial matters and echoed many of the views listed above. Broadly speaking, all three associations [Association francophone des municipalités du Nouveau-Brunswick, Cities of New Brunswick Association, and Union of Municipalities of New Brunswick] reiterated a number of themes; more fiscal autonomy, increased revenues from more diversified sources, a fairer and adequate level of transfers from the Province, recognition of municipalities as service providers to areas outside their boundaries, a capital pool to invest in infrastructure,

and an adequate level of provincial taxation in LSDs. Two briefs in particular, those of the AFMNB and of the City of Fredericton, also went on to emphasize the importance of respecting the independence of the property assessment process.

In addition, a variety of other financial and tax-related issues were brought to our attention. They include the long-standing concern of property taxation as it applies to apartments (the New Brunswick Apartment Owners Association), the need for a special fund to assist municipalities recovering from the impact of significant industry closure or downsizing (Cities of New Brunswick Association) and the requirement for local entities to *"pay for what they get and get what they pay for"* (Union of Municipalities of New Brunswick).

If nothing else, it is readily apparent that change is not only needed, but desired by those in the municipal sector. There is evident frustration that previous efforts at addressing financial and other important governance issues have not borne fruit. Yet it is equally evident that there is no universal agreement on the methods that should be employed to address the issues that were identified. Finally, it must be noted that many of the issues are inter-related and any resolution must recognize this inter-connectedness.

Going forward, the selected fiscal approach must, therefore, be an integrated one that considers the proposed governance structures, that is based on sound principles, and that gives full attention to both the immediate and long-term consequences. A piecemeal approach, that attempts only to address selective issues (e.g., the 65 cent levy or taxation of apartments), will only serve to create more problems or exacerbate existing ones.

10.4 System-Wide Considerations

The revised municipal fiscal regime we are proposing in the next section of this chapter is designed to apply to a fundamentally different local governance structure. Remedies that might be appropriate in today's municipal organizational context will not function in the new local government design. However, certain key principles of sound public finances and social equity remain valid and should continue to apply across the system. Still, we must emphasize that any fiscal model, if it is to be practical and workable at the system level, entails some compromise between highly valued individual principles.

Basic premise of the Equal Opportunity program

In our deliberations on an appropriate fiscal model for local governments in New Brunswick, preservation of the basic premise of the Equal Opportunity program remained a primary consideration. The notion that New Brunswickers should enjoy minimum standards of services and comparable opportunities, regardless of the financial resources of the locality in which they live, remains well accepted in all areas of the province. It is recognized that today, as it was the case at the time that Byrne wrote his report, the fiscal capacity of the various municipal entities across the province varies considerably. Likewise, the fiscal strength of individual communities continues to advance or decline as new opportunities arise and the successes of the past fade. Application of this premise necessitates that an equalization mechanism be available to municipalities that will serve to compensate for these inevitable fiscal imbalances.

Local autonomy

Local administrations want to be able to establish their own service and spending priorities. Funding transfers from one level of government to another that are unconditional in nature serve to respect the jurisdiction and autonomy of the recipient government. In effect, the recipient determines how the funds are to be allocated. The use of unconditional transfer mechanisms is preferred and should continue in the New Brunswick context.

Tax sharing versus tax room

Tax sharing refers to a system in which one level of government levies a tax and in turn shares a portion of these tax revenues with another level of government.

A tax room transfer is different in that it anticipates one level of government vacating a tax field (or a portion thereof) and transferring the ability to enter into the vacated tax room to the other level of government. It is up to the recipient government to determine the extent of the tax room that it wishes to use for its own purposes.

From our perspective, a tax room transfer improves general accountability for the taxes levied and the services provided at the local level. It enhances transparency, respects local autonomy and supports the concept of those who spend, tax. Therefore, in our opinion, a tax room transfer is the preferred approach.

Stability and predictability

Stability refers to the need to avoid large fluctuations in funding levels from year to year while predictability addresses the need for relative certainty as to funding levels in future years. Revenue stability and predictability is essential for municipal long-term planning. It impacts effective debt management, planning for infrastructure renewal as well as contractual arrangements and staffing decisions.

It is our view that a property tax room transfer better meets both the stability and predictability objectives. New Brunswick's experience has been that property values increase year over year in a reasonably steady fashion. It is, therefore, a rather predictable and growing source of revenue for municipalities. By controlling a larger share of that tax room, municipalities will also be protected from the vagaries of the provincial transfer formula.

The introduction of universal land use planning at the regional and local level across the province will also bring an element of predictability to local governments. It should allow for better control of settlement patterns, thus impacting positively on long-term infrastructure needs and debt-load requirements.

Uniform property tax treatment

There is presently a discrepancy in the tax treatment of similar properties in municipalities versus unincorporated areas. In fact, non-owner-occupied and non-residential properties are not subject to the 65 cent provincial property taxation in LSDs. This not only impacts the revenue raising ability in the LSDs but also creates a fundamental inequity between taxation of similar properties inside and outside of municipalities. There is a need to restore equity in the property tax system. This issue should be addressed by uniform application of the local property tax.

Accountability and transparency

Presently, in New Brunswick, the sharing of the property tax field between the Province and municipalities creates confusion in the minds of property owners and limits true accountability for taxation and expenditure decisions. Some residents believe all of their taxes go to the Province while others think that the entire property tax bill is paid to the municipality. This in turn creates unrealistic expectations in terms of service levels. For example, the owner of a restaurant who pays a large property tax bill usually expects superior municipal services when, in fact, often more that half the amount paid is actually remitted to the Province.

The very nature of an unconditional transfer from the Province to individual municipalities also blurs accountability for local decisions and the funding of local services. In effect, municipal councils are providing local services that would not be possible at current property tax rates without the provincial transfer. Yet most residents are unaware of the value of the transfer, let alone how it is calculated.

10.5 Looking Forward – Key Features of the New Approach

The overall objective of any new financing approach must be to enable New Brunswick municipalities to become more self-sufficient from a revenue perspective while being sensitive to the need to preserve the fundamental approach that Byrne enunciated, namely that "... *basic services must be provided at uniform standards with uniform tax burdens throughout the Province.*" We recognized, therefore, that a form of provincial equalization funding will be necessary for some municipalities. We are also aware that the objective of more self-sufficient local entities cannot be achieved overnight. An appropriate transition period will be required and broader access to property tax revenues will be necessary.

We are proposing an integrated fiscal model that eliminates the current unconditional transfer mechanism, increases the total funding available to local entities, supports regional cooperation, promotes local accountability, retains an equalization component, and moves to address the disparity in provincial property taxation (the 65 cent levy) in LSDs. The main components of the proposed model and their expected impacts are described below.

Elimination of the unconditional grant

The unconditional grant system has proven to be unwieldy and, for many, a source of disappointment and conflict. More importantly, the provincial-municipal funding transfer, by its very nature, contributes to financial dependence at the local level, instead of self-sufficiency, and undermines political accountability for taxes collected and services rendered. That system does not support the objectives of the local government reform pursued through this report. We believe it should be eliminated.

Recommendation: 41

It is recommended that the current provincial unconditional grant funding system to municipalities be abolished.

Property tax room transfer

Instead of an unconditional grant, municipalities should access more revenues through a property tax room transfer from the Province using up to $1.50 of the non-owner-occupied residential and up to $0.75 of the non-residential tax rate in each locale. The value of both tax room transfers would equate to $157 million annually from the Province to local entities if fully utilized. Each municipal entity would have to determine how much of the tax room it would occupy in each category based on local needs and preferences.

A new property tax transfer is preferred over a mechanism that would see local sales or income taxes, or both, allocated to each individual municipality. The latter would result in considerable economic disparity between municipalities and regions and do little to improve accountability.

A tax room transfer will increase the revenue raising potential of the new or reconfigured entities and make each local unit fully accountable to its constituents for its taxation and spending decisions. The elimination of an unconditional grant in favour of a tax room transfer will also make revenue projections more predictable.

The transfer of tax room in this fashion will require the creation of new municipal property classes for taxation purposes. *"Residential-long-term rental"* and *"residential-other"* property classes will need to be created while the current *"residential"* and *"non-residential"* property classes will be retained. The new classes will replace the former *"residential non-owner-occupied"* property classification. This concept is not entirely new to municipal councils as user fees for municipal water and wastewater utilities are also structured by class of users.

The proposed residential classes are composed of:

- Residential owner-occupied (i.e., principal residences);
- Residential long-term rental (i.e., rental properties subject to the Rentalsman's levy of five cents per $100 of assessed value); and
- Residential other (i.e., cottages, camps, schools, etc.).

Recommendation: 42

It is recommended that tax room be made available from the provincial government to each new or reconfigured municipal entity equal to non-owner-occupied residential ($1.50) and non-residential ($0.75), thus eliminating the provincial non-owner-occupied residential tax rate and reducing the provincial non-residential tax rate from $2.25 to $1.50.

Recommendation: 43

It is recommended that four municipal property tax classes be established at the municipal level to accommodate the tax room transfer, namely: residential owner-occupied, residential long-term rental, residential other and non-residential.

The following figure depicts the potential value of the tax room transfer available to the 53 proposed municipal entities. (Note: A change in the boundary of a municipal entity would result in a change in the transfer as the value of the assessment base will also change.)

Figure 1: Potential Value of Tax Transfer to the 53 Proposed Municipalities

Entity Name	Value of $1.50 Currently Charged to Non-owner-occupied Residential Properties	Value of $0.75 Reduction to $2.25 Tax Rate Charged to Non-residential Properties	Total Estimated Value of Tax Room
Entity 1	1,067,438	231,538	1,298,976
Entity 2	2,122,779	1,821,282	3,944,061
Entity 3	900,794	226,031	1,126,825
Entity 4	2,116,302	1,118,592	3,234,894
Entity 5	2,036,382	260,193	2,296,575
Entity 6	707,051	280,973	988,024
Entity 7	1,205,213	979,400	2,184,613
Entity 8	732,774	1,083,914	1,816,688
Entity 9	353,813	1,511,866	1,865,679
Entity 10	1,124,906	259,816	1,384,722
Entity 11	2,143,817	1,651,672	3,795,489
Entity 12	664,766	124,760	789,526

Entity Name	Value of $1.50 Currently Charged to Non-owner-occupied Residential Properties	Value of $0.75 Reduction to $2.25 Tax Rate Charged to Non-residential Properties	Total Estimated Value of Tax Room
Entity 13	1,059,433	544,651	1,604,084
Entity 14	562,095	190,223	752,318
Entity 15	520,406	221,434	741,840
Entity 16	1,057,838	520,871	1,578,709
Entity 17	605,563	115,572	721,135
Entity 18	2,606,045	2,452,088	5,058,133
Entity 19	977,527	150,259	1,127,786
Entity 20	724,479	383,567	1,108,046
Entity 21	324,411	43,067	367,478
Entity 22	508,264	157,389	665,653
Entity 23	1,218,576	248,950	1,467,526
Entity 24	1,201,970	240,176	1,442,146
Entity 25	1,072,037	213,159	1,285,196
Entity 26	1,579,613	464,941	2,044,554
Entity 27	10,856,225	8,431,205	19,287,430
Entity 28	3,590,489	670,972	4,261,461
Entity 29	2,201,296	307,269	2,508,565
Entity 30	2,367,570	551,590	2,919,160
Entity 31	418,717	49,385	468,102
Entity 32	2,391,750	2,807,576	5,199,326
Entity 33	1,486,273	512,335	1,998,608
Entity 34	842,059	91,660	933,719
Entity 35	2,382,497	1,129,719	3,512,216
Entity 36	1,180,043	35,446	1,215,489
Entity 37	545,937	18,318	564,255
Entity 38	648,492	106,573	755,065
Entity 39	2,437,249	658,362	3,095,611
Entity 40	8,808,335	11,191,587	19,999,922
Entity 41	743,298	67,412	810,710
Entity 42	644,693	112,873	757,566
Entity 43	814,486	27,979	842,465
Entity 44	1,361,071	748,393	2,109,464
Entity 45	1,862,599	396,777	2,259,376
Entity 46	1,407,608	888,839	2,296,447
Entity 47	4,267,089	2,213,513	6,480,602
Entity 48	2,520,633	669,878	3,190,511
Entity 49	12,198,220	6,647,501	18,845,721
Entity 50	1,559,285	418,304	1,977,589
Entity 51	2,494,765	856,513	3,351,278
Entity 52	567,552	161,970	729,522
Entity 53	1,692,603	725,179	2,417,782
Totals	**101,485,126**	**55,993,512**	**157,478,638**

Taxation rules and local taxation decisions

A tax room transfer, while a positive step from a future growth and an autonomy and accountability perspective, will not result in an automatic windfall for all municipal entities. In fact, a number of the entities will have to occupy fully the tax room that is being made available in order to maintain their current level of services. For this reason it is important that the current property taxation rules not be unilaterally changed by the Province without due regard for the financial impact on the municipal entities. The financial modeling used in this report assumes that all non-owner-occupied residential properties will continue to be taxed. Each municipality will determine the appropriate tax rate for each class of property, taking into consideration the amount of the vacated tax room needed. Any unanticipated exemptions or changes decided by the Province could have a significant impact on the value of the transfer to each municipal entity and the need for equalization funding to be provided.

Currently, the non-residential tax rate is legislated at 1.5 times the local rate set by the municipal council. With the recommended change,

whereby councils will have to annually establish a tax rate for each of the four classes of property, this multiplier will no longer be needed. The elimination of this multiplier rule is particularly important if municipal councils are to be able to set an appropriate tax rate for non-residential properties using all or a portion of the vacated tax room necessary to meet their expenditure needs. Leaving the 1.5 factor in place would not provide the flexibility needed in setting the non-residential tax rate.

Likewise, the 1.5 factor used in the determination of a municipality's tax base will need to be abolished. Rate setting in the future will be based on assessment values for each class of property.

The elimination of the 1.5 multiplier and the creation of the new property tax classes will bring with it enhanced flexibility and new responsibilities to the councils of the municipal entities. Councils will now have the flexibility to adjust rates in the various classes in order to meet their strategic objectives. They will also have the responsibility to be able to demonstrate to the various rate payers in each category the legitimacy of the rates being established in relation to the value of the services being provided. As well, the transfer of the $1.50 in the non-owner-occupied category means that the taxation of apartments will now be an issue in the municipal domain.

Recommendation: 44

It is recommended that the municipal entities be authorized to establish local tax rates for each property tax class.

Recommendation: 45

It is recommended that the current province-wide categorization of properties within classes, for property tax purposes, remain unchanged.

New rules and calculation for equalization funding

As noted above, a tax room transfer does not, on its own, address fully the funding needs of all municipalities. Notwithstanding the enhanced fiscal capacity to be achieved within the proposed 53 entities, there remains some disparity in the economic bases between these entities depending on the level of residential and non-residential development that has occurred over the years. They do not all have the same revenue raising capacity.

In keeping with the established principles of Equal Opportunity, the Province should assist those new or reconfigured entities with lower revenue raising ability. This necessitates the application of an equalization mechanism in conjunction with the tax room transfer for the 53 entities.

Recommendation: 46

It is recommended that, in order to address revenue raising disparities between the proposed 53 municipal entities, an equalization mechanism be established in conjunction with the property tax room transfer.

Equalization brings with it the necessity to identify reasonably similar types of communities to allow for fair comparisons regarding relative financial need. Groupings based on population are reasonable proxies for the types of service demands as well as for the capacity of the local entity. They also provide relatively stable reference points for planning purposes.

In reviewing the population of the new or reconfigured entities, it became clear that three groupings could be established: small, medium and large. The cut-off point for each group was also quite apparent with respect to population. While there could be more groups formed to further refine the similarities between entities, the result would be such that equalization would be compromised. This is due to the fact that when entities are equalized on their revenue raising ability amongst only those most similar in population, the level of funding required is minimized. Indeed, the smallest, and arguably the entities that would most benefit from equalization, would be penalized by the shallowness of their group.

A final consideration in the groupings was the proximity of the entities in the group to the selected thresholds. It was deemed important to avoid, to the extent possible, entities requesting to move from one group to another based exclusively on anticipated windfalls in equalization due to the weakness of their assessment base compared to the average for the next grouping. Using a population threshold of 10,000 for Group A, 10,001 to 40,000 for Group B and more than 40,000 for Group C resulted in 29, 21 and three entities in Groups A, B and C respectively.

Recommendation: 47

It is recommended that three municipal groupings based on population (under 10,000, from 10,001 to 40,000 and more than 40,000) be established for equalization purposes.

For the purposes of equalization, the revenue raising ability of the entity is compared to that of the group to which it belongs. In recent years, the measurement that was used was the tax base per capita. The tax base is calculated as the total assessment of taxable properties plus 50 per cent of the value of non-residential properties. As noted above, this adjustment reflects the fact that non-residential properties are taxed at 1.5 times the residential rate.

The proposed funding mechanism will result in a change in the calculation of the tax base since tax rates will be determined in a different manner. That is, municipal councils will set individual rates on each of the four classes of property as outlined in the previous section. Therefore, all revenue from municipal property taxes will be raised on the value of actual property assessments in each class. The tax base used to calculate tax rates and equalization will, therefore, be equal to the total assessment of taxable properties.

Although traditionally the tax base has been compared on the basis of population, other possibilities include the number of properties, households, or road kilometres. Given that population is most commonly used by researchers, provides multi-year stability and is objectively obtained from Statistics Canada on a periodic basis, it is considered the most appropriate denominator for purposes of the proposed equalization mechanism.

The calculation will consider each entity's assessment base per capita in relation to the average assessment base per capita for that municipal grouping and the average tax rate for that municipal group.

If the entity has a lower assessment base per capita than the average for the group, equalization funding is provided to bring it up to the average revenue raising capacity for the group. The average tax rate for the group is used as a composite to reflect the rate needed to provide the average level of services in each group.

For example, Modelville's equalization is equal to:

(Group average assessment base per capita minus Modelville's assessment base per capita) divided by 100, multiplied by the (Group average tax rate) times Modelville's population equals Modelville's Equalization.

e.g., ($55,000 - $50,000) ÷ $100 X ($1.15) X 6,000 = $345,000

The following figure provides the estimated amount of equalization that would be provided to each of the proposed entities based on 2008 data. The value of this equalization component of the proposed fiscal regime is estimated at $38 million.

Figure 2: Equalization Projections

	Assessment Base	Assessment per Capita	Equalization
Group A			
Entity 1	223,185,100	47,710	-
Entity 3	238,090,700	37,097	613,116
Entity 6	250,003,400	38,826	481,124
Entity 8	467,943,400	47,464	-
Entity 9	292,509,100	90,058	-
Entity 12	243,355,200	25,972	2,149,784
Entity 14	197,301,100	28,250	1,410,819
Entity 15	227,542,000	41,990	198,602
Entity 17	186,157,400	33,834	741,673
Entity 19	202,496,200	38,454	417,112
Entity 20	213,175,300	41,313	231,130
Entity 21	101,123,655	28,358	715,754
Entity 22	198,175,105	30,854	1,096,230
Entity 23	298,537,345	44,175	69,897
Entity 24	342,889,600	45,902	-
Entity 25	409,450,535	44,342	77,033
Entity 29	512,383,900	56,655	-
Entity 31	194,045,250	39,985	294,971

	Assessment Base	Assessment per Capita	Equalization
Entity 34	205,809,800	41,302	223,841
Entity 36	224,470,521	46,551	-
Entity 37	179,384,088	37,489	434,568
Entity 38	388,130,200	48,547	-
Entity 41	365,315,920	47,211	-
Entity 42	153,128,700	57,784	-
Entity 43	99,711,400	94,424	-
Entity 44	456,695,670	52,950	-
Entity 45	380,414,800	91,954	-
Entity 50	425,440,725	49,195	-
Entity 52	212,233,900	52,429	-
Group A (0-10,000)	**7,889,100,014**	**45,035**	**9,155,654**
Group B			-
Entity 2	1,132,319,100	54,583	-
Entity 4	681,811,200	63,026	-
Entity 5	425,004,000	39,768	2,178,338
Entity 7	628,164,900	45,091	1,785,233
Entity 10	464,755,200	32,246	4,479,451
Entity 11	1,000,152,000	50,347	1,061,030
Entity 13	441,900,300	36,642	2,994,311
Entity 16	471,739,800	36,327	3,282,388
Entity 18	1,380,289,500	51,782	880,210
Entity 26	549,751,749	47,672	1,054,657
Entity 28	861,965,200	69,795	-
Entity 30	690,819,150	65,406	-
Entity 32	1,558,652,000	82,216	-
Entity 33	1,109,199,200	54,592	-
Entity 35	775,879,251	50,941	685,023
Entity 39	2,028,416,479	65,657	-
Entity 46	579,618,000	45,664	1,523,133
Entity 47	1,314,873,300	64,065	-
Entity 48	549,104,400	54,404	-
Entity 51	691,479,300	50,960	606,661
Entity 53	460,646,900	45,849	1,179,217
Group B (10,001-40,000)	**17,796,540,929**	**54,104**	**21,709,652**
Group C			-
Entity 27	4,856,179,560	70,708	872,638
Entity 40	4,651,745,422	66,327	6,694,585
Entity 49	6,074,983,675	76,421	-
Group C (40,000+)	**15,582,908,657**	**71,381**	**7,567,223**
Totals	**41,268,549,600**	**57,126**	**38,432,529**

As noted earlier, the equalization transfers would continue to be provided on an unconditional basis in order to protect local decision-making autonomy and provide flexibility to respond to local issues and priorities.

Recommendation: 48

It is recommended that the equalization funding be provided on an unconditional basis.

Maintenance of present property assessment process

It is clear that the assessment base for each new or reconfigured entity will become a significant factor in the determination of future funding levels. One of the strengths of the current property tax system is the uniform market-based assessment practice applied province-wide by Service New Brunswick. In a study commissioned by the **Atlantic Institute for Market Studies** (AIMS) on taxation in the Halifax Regional Municipality it is noted that *"...market value assessment is the preferred choice in the vast majority of countries that have fully functioning real estate markets"* (Kitchen, 2008, p.6). The current province-wide system administered by Service New Brunswick is sound, eliminates a patchwork approach to assessments and avoids

a potentially costly and heavy administrative burden on individual municipal entities.

Recommendation: 49

It is recommended that the use of a province-wide, centralized, uniform, market-based approach for property assessments be continued.

It has been suggested by some that capping or freezing assessments should be considered for certain types of properties (e.g., coastal) or where strong local markets have resulted in rapid year-over-year increases in assessments. This issue was addressed succinctly by Kitchen in the AIMS report. He states that "[w]*hile this practice is often politically palatable in the short run, it is simply bad policy and bad practice. It leads to inequities and distortions during the period of the cap or freeze and it often has suicidal political consequences when the cap or freeze is removed*" (Kitchen 2008, p. 8).

From a practical perspective, municipalities also rely on this tax base growth to meet inflationary cost increases for goods and services. Being able to count on a truly market value-driven assessment will become even more important under the fiscal regime proposed in this report as the bulk of municipal revenues would be derived from property taxation.

Recommendation: 50

It is recommended that assessment values not be capped or frozen.

Continuity of funding level

In the interest of avoiding rate shock, providing stability and predictability in local funding levels for business planning purposes and ensuring clear accountability to taxpayers for taxation and spending decisions, it is important that the combination of transfer from the tax room and equalization be at least equal to the current transfer funding level presently provided by the Province to the units (municipalities, rural communities and LSDs) forming the new or reconfigured entities.

Figure 3 provides an estimate for expenditures, tax room and equalization for the proposed 53 entities based on 2008 data. It is important to note that, after equalization, none of the 53 entities fall below the previous combined funding of the constituting units. Our analysis indicates that 29 of the new or reconfigured entities will benefit from equalization. For illustration purposes, Figure 3 assumes full use of the tax room vacated by the Province.

Figure 3: Estimated Funding for the Proposed Entities

		Sources by Revenue				
	Estimated Expenditures	Current Property Tax Warrant	Value of $1.50 currently charged to non-owner occupied residential properties	Vaue of $0.75 reduction to $2.25 tax rate charged to non-residential properties	Equalization	Potential Revenues less Estimated Expenditures
Group A						
Entity 1	2,557,031	2,115,392	1,067,438	231,538	-	857,337
Entity 3	2,940,496	2,194,032	900,794	226,031	613,116	993,477
Entity 6	3,215,399	2,551,575	707,051	280,973	481,124	805,324
Entity 8	9,070,691	7,571,881	732,774	1,083,914	-	317,878
Entity 9	4,257,677	4,068,857	353,813	1,511,866	-	1,676,859
Entity 12	2,778,372	1,924,560	664,766	124,760	2,149,784	2,085,498
Entity 14	2,846,149	2,076,529	562,095	190,223	1,410,819	1,393,517
Entity 15	3,792,581	3,103,908	520,406	221,434	198,602	251,769
Entity 17	2,226,586	1,697,901	605,563	115,572	741,673	934,123
Entity 19	2,050,637	1,605,126	977,527	150,259	417,112	1,099,387
Entity 20	1,695,532	1,259,089	724,479	383,567	231,130	902,733
Entity 21	1,330,848	942,308	324,411	43,067	715,754	694,692
Entity 22	2,095,169	1,478,003	508,264	157,389	1,096,230	1,144,717
Entity 23	3,263,106	2,680,597	1,218,576	248,950	69,897	954,914
Entity 24	3,181,932	2,652,219	1,201,970	240,176	-	912,433
Entity 25	3,192,729	2,580,179	1,072,037	213,159	77,033	749,679
Entity 29	3,481,430	2,926,107	2,201,296	307,269	-	1,953,242
Entity 31	3,241,195	2,690,284	418,717	49,385	294,971	212,162
Entity 34	2,184,760	1,715,518	842,059	91,660	223,841	688,318
Entity 36	1,630,671	1,226,005	1,180,043	35,446	-	810,823
Entity 37	1,294,409	992,433	545,937	18,318	434,568	696,847
Entity 38	4,048,170	3,554,073	648,492	106,573	-	260,968

	Estimated Expenditures	Sources by Revenue			Equalization	Potential Revenues less Estimated Expenditures
		Current Property Tax Warrant	Value of $1.50 currently charged to non-owner occupied residential properties	Vaue of $0.75 reduction to $2.25 tax rate charged to non-residential properties		
Entity 41	4,621,872	4,048,683	743,298	67,412	-	237,521
Entity 42	1,932,878	1,741,525	644,693	112,873	-	566,213
Entity 43	395,460	327,101	814,486	27,979	-	774,106
Entity 44	4,041,915	3,346,442	1,361,071	748,393	-	1,413,991
Entity 45	3,234,381	2,959,197	1,862,599	396,777	-	1,984,192
Entity 50	3,478,638	2,835,271	1,559,285	418,304	-	1,334,222
Entity 52	1,829,646	1,460,291	567,552	161,970	-	360,167
Group A (0-10,000)	**85,910,360**	**70,325,086**	**25,531,492**	**7,965,237**	**9,155,654**	**27,067,109**
Group B						
Entity 2	20,625,213	17,667,381	2,122,779	1,821,282	-	986,229
Entity 4	9,049,113	8,243,171	2,116,302	1,118,592	-	2,428,952
Entity 5	3,991,748	3,056,431	2,036,382	260,193	2,178,338	3,539,596
Entity 7	12,756,125	9,947,777	1,205,213	979,400	1,785,233	1,161,498
Entity 10	7,304,965	5,576,451	1,124,906	259,816	4,479,451	4,135,659
Entity 11	18,923,663	15,743,873	2,143,817	1,651,672	1,061,030	1,676,729
Entity 13	7,584,482	5,829,917	1,059,433	544,651	2,994,311	2,843,830
Entity 16	6,294,786	5,073,874	1,057,838	520,871	3,282,388	3,640,185
Entity 18	23,870,011	21,004,079	2,606,045	2,452,088	880,210	3,072,411
Entity 26	4,326,409	3,536,308	1,579,613	464,941	1,054,657	2,309,110
Entity 28	8,543,403	7,631,978	3,590,489	670,972	-	3,350,036
Entity 30	9,713,280	8,726,431	2,367,570	551,590	-	1,932,311
Entity 32	28,329,915	27,357,527	2,391,750	2,807,576	-	4,226,938
Entity 33	18,013,085	16,421,062	1,486,273	512,335	-	406,585
Entity 35	7,805,007	6,624,722	2,382,497	1,129,719	685,023	3,016,954
Entity 39	25,689,877	24,214,532	2,437,249	658,362	-	1,620,266
Entity 46	7,889,878	6,393,671	1,407,608	888,839	1,523,133	2,323,373
Entity 47	14,842,328	13,397,494	4,267,089	2,213,513	-	5,035,768
Entity 48	4,941,687	3,943,346	2,520,633	669,878	-	2,192,170
Entity 51	7,936,737	6,778,332	2,494,765	856,513	606,661	2,799,534
Entity 53	4,590,649	3,865,892	1,692,603	725,179	1,179,217	2,872,242
	-	-	-	-	-	-
Group B (10,000-40,000)	**253,022,361**	**221,034,249**	**44,090,854**	**21,757,982**	**21,709,652**	**55,570,376**
Group C		-	-	-	-	-
Entity 27	98,220,301	86,451,400	10,856,225	8,431,205	872,638	8,391,167
Entity 40	111,176,933	91,505,193	8,808,335	11,191,587	6,694,585	7,022,767
Entity 49	84,332,173	77,606,065	12,198,220	6,647,501	-	12,122,613
Group C (40,000+)	**293,729,407**	**255,562,658**	**31,862,780**	**26,270,293**	**7,567,223**	**27,533,547**
Totals	**632,662,128**	**546,921,993**	**101,485,126**	**55,993,512**	**38,432,529**	**110,171,032**

Notes:
*Includes 2008 municipal, LSD and rural community budgeted expenditures plus a per capita amount equivalent to the current RCMP rate for policing in LSDs , $0.01 per $100 of assessment for regional emergency planning and $0.0025 per $100 of assessment for economic development in LSDs.
** Excludes road costs in LSDs

Recommendation: 51

It is recommended that the total dollar amount available to each new or reconfigured municipal entity from tax room transfers and equalization be at least equal to the unconditional grant transfer previously provided to the combined units forming each new or reconfigured municipal entity.

Relation to service regionalization

Solid waste management, emergency measures, policing, regional planning, and economic development services will be mandated on a regional basis. Some of these services currently have cost-sharing mechanisms while others will require that such be negotiated. The proportionate share of the cost of each service will be charged back after any considerations to fees, fines and grants to each partner municipality in the region based on a cost-sharing formula to be determined by the municipalities in the region. It is suggested that consideration be given to a cost-sharing mechanism that reflects both ability to pay (assessment base) and use of the services (population). The revenues to fund these services will be raised mainly by each local council primarily through local property taxation.

Recommendation: 52

It is recommended that an appropriate cost-sharing mechanism for regional services be determined by the municipal entities in each region.

Given the significance and scope of the structural and financial changes being proposed it is possible that the municipalities in some regions may have difficulty coming to a consensus on an appropriate cost-sharing formula. The lack of an established cost-sharing mechanism could adversely impact financial planning and transition efforts at the local and regional level. It is our opinion that a default mechanism should be established that would be mandated if agreement among the municipal entities in any region is not achieved in a timely fashion.

Recommendation: 53

It is recommended that a default cost-sharing mechanism, based equally on population and assessment base, be established for the regional service districts to be applied in the event that an agreed-upon mechanism is not established in a timely fashion.

Notwithstanding the regional character of several of the existing services, we recognize that there will be some unavoidable start-up costs to structure and implement a consolidated regional service office. Costs for administrative support, office equipment, rent, utilities, etc, will have to be incurred as part of the start-up and transitional planning in each region.

The Province can reinforce regionalization by directing funding transfers for regional initiatives. Regional service districts should be able to decide how such funding would be spent provided that it nurtures regionalization. This approach will enhance regional service delivery, local autonomy and accountability for decision-making.

Recommendation: 54

It is recommended that the Province provide multi-year transitional funding to each regional service district to assist with initial start-up and transition costs.

Tax rate matching service level

Services would be mainly funded from the local assessment base (including the new tax room transfer) in each new or reconfigured municipal entity. This approach will provide flexibility at the local level, and respect local autonomy and accountability.

It must, however, be recognized that there will be significant variations in service levels within the boundaries of the new or reconfigured municipal entities particularly with the inclusion of the current unincorporated areas. The "*municipalization*" of the former LSDs and regionalization of services will necessitate that the 53 municipal entities set differing tax rates for different geographic areas within each community, commensurate with the service levels in those areas. As service levels change, then so, too, should the area specific property tax rates.

Recommendation: 55

It is recommended that each new or reconfigured municipal entity establish area specific property tax rates for each property class commensurate with the type and level of services available in each area.

Funding of services in former local service districts

The provision of police and road services in LSDs are currently funded by the Province through departmental budgets. The Province, as mentioned previously, levies a 65 cent tax rate on owner-occupied residential property in the existing LSDs. The Office of the Comptroller has established the shortfall between the estimated full cost of the provincially provided services and property tax revenue in the LSDs at $55 million (**Office of the Comptroller**, 2008).

Figure 4: Cost of Services in Local Service Districts

Comparison of Cost of Provincially Provided Services in Local Service Districts to Revenue Raised Through $0.65 Levy	$ million
Cost of Services:	
Transportation	68.0
Policing	29.1
Administration & Dog Control	1.6
Total	**98.7**
Revenue:	
LSD Property Tax Levy ($0.65)	43.3
Difference between Cost of Service and Revenue	**55.4**

The existing LSDs do not have the financial or administrative capacity to accept full responsibility for these provincially provided services, roads in particular. That being said, the funding gap must be addressed, albeit over time, consistent with the objective that *"you pay for what you get and get what you pay for"* as contemplated in the **Minister's Round Table Report** (2001, p. 28).

Recommendation: 56

It is recommended that the cost of providing local services in the former local service district territories be recovered through the property tax rate(s) over an appropriate transition period.

The notion of full cost recovery is easily understood. Current and accurate financial information on the actual cost of these services at the local level is not, however, readily available. Therefore, the Office of the Comptroller was obliged to rely on attributed province-wide costs in order to make reasonable estimates. If we are to ask ratepayers to contribute to the cost of services, then these local costs must be identified and tracked.

Recommendation: 57

It is recommended that the cost of provincially provided local services in the former local service district territories be identified and tracked at the municipal entity and/or regional level as appropriate.

Uniform application of property taxation

The inequity in provincial taxation (the 65 cent issue) for certain types of properties in LSDs has been an issue for many years. As stated previously, only owner-occupied residential properties located in LSDs are subject to the provincial levy of 65 cents. In addition, there is an imbalance between non-owner-occupied residential and non-residential properties located in LSDs as compared to similar properties in municipalities. The costs of administration, roads and policing form part of the local rate levied by municipalities. This is not the case in LSDs and the situation needs to change in order to level the playing field in the new or reconfigured municipal entities.

CLURE noted that *"...the large variation in the non-residential tax rate acts as a strong motivating factor for non-residential properties, in the form of commercial and industrial activities, to locate in the non-incorporated areas, often at the expense of the municipality. It also creates an unfair competitive advantage for those businesses which locate in the non-incorporated areas"* (1993, p. 139). The report went on to stress the need to correct these tax rate discrepancies. Equal treatment will also ensure that these properties are contributing to the cost of services available in their areas. Similar properties must be accorded the same tax treatment in municipalities and the former unincorporated areas.

Recommendation: 58

It is recommended that the present provincial property tax exclusions for non-residential and non-owner-occupied residential properties in the former unincorporated areas be eliminated.

Services to roads in former local service districts

The Department of Transportation is currently responsible for all capital and road maintenance costs in the LSDs which are estimated at $68 million annually. These costs are currently built into the provincial budget. It is unreasonable to believe that 100 per cent of these costs can be immediately transferred to the residents of the LSDs. The immediate transfer of such costs would constitute a major barrier to transforming local governance and should be managed over a period of time (agreed upon by the Province and the new or reconfigured municipalities).

Recommendation: 59

It is recommended that full responsibility for roads in the former local service district territories remain with the provincial Department of Transportation for an appropriate transition period.

It may, at some time, be advantageous for a new or reconfigured municipal entity to assume responsibility for the former LSD's local road services in its jurisdiction. It may also be more economical for the Department of Transportation to continue to provide road services in particular former LSD territories. There should be sufficient flexibility provided for the new or reconfigured entities and the Department to negotiate the nature and timing of transfer of responsibility in the best interest of the rate payers.

Recommendation: 60

It is recommended that responsibility for local road services in the former local service district territories be a matter open to negotiation between the Province and the individual municipal entities.

Recommendation: 61

It is recommended that, until agreement is reached on transferring the responsibility for local roads in former local service districts to municipal entities, the Province of New Brunswick continue to levy 44 cents on owner-occupied residential property in former local service districts to partially offset the cost of road services in the former local service districts.

Recommendation: 62

It is recommended that, until agreement is reached on transferring responsibility for local roads in local service districts to municipal entities, the Province immediately extend the 44-cent tax rate to all former local service district properties and further that the Province adjust the 44-cent rate annually towards full recovery of the cost of road services in former local service districts using an appropriate transition period.

Policing services in former local service districts

The proposed regional service delivery model anticipates that all policing services will be delivered on a regional basis. This change will necessitate a period of transition as various municipal and RCMP arrangements are integrated or contracted, or both. Currently, LSDs receive policing from the RCMP under the Provincial Police Service Agreement. A contribution from the former LSD territories to each regional service delivery district (via the local municipality) for their share of policing costs from local property taxation will be necessary.

Recommendation: 63

It is recommended that the 65 cent provincial levy in former local service districts be reduced by 20 cents and that the cost of policing services in the former local service district territories be recovered from the local tax rate(s) established in those former local service district territories.

10.6 Overall Financial Impact of the Proposed Fiscal Regime

The financial impact of the proposed model on the Province of New Brunswick is estimated as follows:

Figure 5: Estimated Financial Impact of Proposed Fiscal Regime

Provincial Impact		Millions
New Tax Room Transfer	$157.0	157.0
Offsets		
Eliminate Unconditional Grant	(71.0)	
Eliminate Policing Subsidy	(14.0)	
Add new LSD revenue from broader base ($0.44 levied on all LSD properties)	(22.0)	
Total Offsets	**(107.0)**	**(107.0)**
Add Cost of Equalization		38.0
Net Annual Cost		**$88.0 million**

A review of the proposed fiscal regime indicates that:

- A tax room transfer of the full $1.50 on non-owner-occupied residential and $0.75 on non-residential properties would generate $157 million if fully utilized. The cost to the Province of the tax room transfer will be partially offset by the elimination of the unconditional grant pool;

- The value of the tax room transfer will vary for each new or reconfigured municipality depending on the residential/non-residential mix of their community;
- Eliminating the provincial property tax exclusions on non-owner-occupied residential and non-residential properties in the current LSDs will generate approximately $22 million of new revenue for the Province annually;
- Adjusting the 65 cent LSD rate could have an immediate financial impact on some current property owners and, therefore, a multi-year phase-in is recommended;
- Even with a tax room transfer, an element of equalization will still be required in order to support those areas with a more limited fiscal capacity. The cost of the equalization component is estimated at $38 million annually;
- The overall cost to the Province is estimated at $88 million annually as shown in the above figure;
- New or existing municipalities will not be financially burdened by the *"municipalization"* of LSDs given the continued provision of road services by the Province, the expanded assessment base and uniform application of the 44 cent base rate; and

10.7 Related Matters

Non-owner-occupied residences (apartments)

Strong representations were made that the current property taxation treatment of apartments is unfair and potentially restricts the availability of funds for renovations or new development, or both. The issue is the application of the $1.50 provincial rate to the assessed value of non-owner-occupied residences.

Although property taxation is a cost to the landlord, it is not immediately evident that eliminating the tax would, in itself, result in sustained property improvements or new development. The alternative perspective is that eliminating the tax would serve only to benefit the financial position of landlords and would not result in an increased stock of new or better housing.

It is our opinion that the provision of rental properties is a business venture no different than selling any other product or service. It is driven by the potential for profit and competitive market forces. Our perspective is that rental properties should be treated no differently than other business properties in the property taxation system. It should be noted, however, that under the proposed fiscal regime, the rate of taxation to be applied to such properties will be a responsibility of the local government.

Recommendation: 64

It is recommended that non-owner-occupied residential properties operated on a for-profit basis continue to be subject to the property tax levy in the *"residential long-term rental"* class.

Affordable housing

There is a pressing need to increase the availability of affordable housing in the province of New Brunswick. Housing agencies are challenged with limited capital resources and high operating costs in the face of limited revenue streams. With the changes in taxation proposed, the $1.50 will no longer apply but municipal councils will be charging a tax rate on such rental properties. These properties will fall under the same category as apartment buildings. A property tax reduction, however, would also lower municipal property tax revenue as municipalities would be moving into this tax room. It must also be recognized that affordable housing units also benefit fully from municipal services. A full exemption is, therefore, difficult to justify.

This is a significant social policy issue that also impacts municipal finances. A more detailed analysis is warranted. However, if a reduction in tax burden is deemed expedient as a matter of social policy, for a class of properties such as affordable housing units, a targeted reduction or rebate program should be considered and funded by the Province, and should not have an impact on municipal property tax reven

Recommendation: 65

It is recommended that non-owner-occupied residential properties operated on a not-for-profit basis be considered for partial property tax relief and that the cost of such relief be absorbed by the provincial government.

Infrastructure renewal

The municipal infrastructure deficit has been a continuing topic of discussion at all three levels of government. Numerous reports at the national Federation of Canadian Municipalities (FCM), provincial and local levels, have underscored the pressing need for new investment in public infrastructure. It is clear from our review that property tax

revenues alone are not sufficient to fund the level of infrastructure investment that will be required at the local level.

Municipal property tax revenues are now absorbed by daily service obligations and debt retirement costs for existing commitments, leaving little room for additional major expenditures for infrastructure renewal without increasing local tax rates or user fees in the case of water and wastewater infrastructure.

Given the significant and far reaching economic, environmental and social benefits of infrastructure renewal both to the Province and local entities and the major capital outlays required to undertake these initiatives, it is our opinion that these projects should be cost shared with new revenues from provincial sales or gas taxes. Well planned strategic infrastructure investments are as beneficial to the Province as they are to the local entity and can help to ensure that true self-sufficiency is attained.

There are various means of accomplishing this, either through a fiscal pact, tax room sharing, trust funds, or new levies. All are potential solutions. The critical point is that a stable long-term funding mechanism be established in a timely fashion between the Province and the new or reconfigured municipal entities.

Recommendation: 66

It is recommended that a separate, stable, long-term infrastructure renewal pact funded through sales or income taxes or both be negotiated on a timely basis between the Province and the new or reconfigured municipal entities.

Other tax revenues

Municipal representatives have strongly called for a diversified revenue base that extends beyond the traditional property taxation field. It is argued that access to a portion of sales or income taxes, or both, would reward municipalities for sound administration and investment and provide the additional revenues needed during periods of growth.

A broader tax base, it is said, would also mitigate the impact of major reductions in the property assessment base during downturns in single-industry towns. On the other hand, it has also been pointed out in the report of the **Minister's Round Table on Local Governance** that sourcing dedicated sales or income taxes at the local level could create increased disparities in fiscal capacity between communities as one local economy expands and that of another area contracts. Finally, we note that, given their strong link to the overall level of economic activity, sales and income taxes are far less stable and predictable than property taxes.

Mintz and Roberts, in **Running on Empty: A Proposal to Improve Cities Finances** (2006) have identified four principles that, in their view, should apply to the financing of all municipalities, namely:

- Efficiency – a tax system is most efficient when it is neutral, imposing similar relative burdens on all products and business activities;
- Minimal administrative and compliance costs – taxes are costly to collect and administrative and compliance costs are borne by taxpayers;
- Flexibility and autonomy in financing public services – each level of government needs access to sources of revenue that are appropriate for its activities, and
- Political accountability – accountability is enhanced when governments must fund programs with the revenues they raise (pp. 4-6).

For municipalities to venture directly into income or sales taxes, the result would be administratively burdensome, costly, inefficient, and lead to an array of taxation practices across the province. If, on the other hand, municipalities should piggy-back on existing tax fields held by the Province, the fundamental principle of accountability for taxation and expenditure decisions would be undermined. Just as importantly, any *"new"* tax would also mean increased costs both to constituents and businesses. As noted by Mintz, *"...taxes discourage work effort, savings, investment and risk taking"* (2006, p. 4).

The recommended tax room transfer has the potential to generate significant new revenues for municipalities. Our preference, as noted previously, is to have a fiscal pact negotiated between the Province and municipalities that would effectively result in a portion of provincial sales, income and/or gas taxes dedicated to municipal infrastructure renewal.

Recommendation: 67

It is recommended that the new or reconfigured municipal entities not be given direct access to sales or income taxes, or both, as a source of revenue.

Condominiums

Condominiums are currently fully taxed at the local level as owner-occupied residences. Unfortunately, some municipalities have restricted the services that are provided to condominium owners (e.g., garbage collection, snow removal). In other municipalities they are required to assume responsibility for the private street on which they reside. This amounts to little more than cost avoidance at the local level.

Multi-unit residential development is becoming more prevalent as construction costs increase, family size decreases and the population continues to age. High-density development is to be encouraged, as it is less costly to service, less capital-intensive from an infrastructure perspective and reduces the need for providing services over large geographic areas.

There is no good public policy reason to limit local services to condominiums and we are, therefore, recommending that condominium owners be entitled to the same local services as a single-family dwelling if their property is taxed at the same rate.

Recommendation: 68

It is recommended that municipalities, collectively, address the issue of condominium owners not being provided the same level of local services as single-family dwellings while their properties are being taxed on the same basis.

Granny suites

As the population ages, consideration must be given to affordable and practical means to accommodate our seniors. Institutional care is costly and often least preferred by the elderly. The Province's Long-Term Care Strategy contemplates a range of options to meet the needs of seniors. Independent living that allows for family support in the form of self-contained granny suites is to be encouraged. This issue becomes relevant in the context of our discussion because of the current application of both the municipal and provincial property tax rates on these types of residences.

Recommendation: 69

It is recommended that when a portion of a family home is used as a granny suite for an immediate family member on a not-for-profit basis, that portion of the residence be considered as part of the principle residence for taxation purposes.

Requirements of the New Brunswick Municipal Finance Corporation

The New Brunswick Municipal Finance Corporation has proven to be an effective and cost-efficient structure for municipalities to pool their borrowing needs and obtain competitive interest rates based on provincial guarantees. The professional administration of this program by the Province is beneficial and the processes applied by the Municipal Capital Borrowing Board in authorizing municipal capital borrowing encourage careful consideration of municipal debt loads and ability to pay.

However, two concerns in particular have been expressed by municipal representatives. One is that the uniform requirement to refinance loans that have an amortization period greater than 10 years creates exposure to rate risk. The other is that the inability to propose innovative financing options for new development has become an impediment to progress at the local level. Rapid development, increased costs for construction and equipment and ever-evolving capital markets and products point to a continuing requirement for new and innovative financing mechanisms. A change in approach could have favourable or negative cost and risk consequences. We believe that the issues raised require closer examination.

Recommendation: 70

It is recommended that the New Brunswick Municipal Finance Corporation be requested to undertake a review to determine what improvements could be made to better meet the long-term capital financing interests of both the Province and municipalities.

Downloading

In their submissions to this Commissioner, the associations representing municipalities have alleged provincial downloading of responsibilities to local governments without providing sufficient new resources. New policing standards, enhanced solid waste legislation, and, most recently, freedom of information requirements, are examples that are cited.

Apart from the financial consequences, the issue appears to arise from a perceived lack of respect for local governments based on unilateral

action(s) by the Province. This problem could largely be averted by initiating formal consultations with the appropriate municipal representatives prior to the introduction/development of new programs or policies by the Province when these are likely to have an operational or financial impact on municipalities.

Recommendation: 71

It is recommended that the Province of New Brunswick consult with municipalities prior to the introduction of new policies and programs that would have a financial or operational impact on municipalities.

Sharing of industrial/commercial development revenue

The adoption of a regional approach to service delivery and the introduction of comprehensive land use planning in each region bring with them the potential to enhance the coordination and servicing of industrial/commercial development in each area. At present, there is strong inter-municipal competition for new industrial/commercial development leading to unnecessary duplication of effort (industrial parks, water infrastructure, roads) and at times outright financial concessions (connection charges, etc). The current practice of supporting multiple industrial/business parks in each area is not economically efficient or sustainable over the long term.

As the regional service districts evolve, consideration should be given to the introduction of regional tax-sharing for industrial/commercial development. Simply put, if a new large industry were to establish in an area, then all communities in the region would contribute to to any related costs and each would share in the property tax revenues to be realized. This approach would encourage each region to consolidate their efforts and share in any success.

Recommendation: 72

It is recommended that each region be required to develop a plan for sharing of revenues and investments for new industrial/commercial development in order to avoid unnecessary duplication of effort.

Farmland/forests

Our review did not extend to a detailed examination of the property taxation provisions applying to farmlands and forests in the province. Our efforts, instead, focused on the incorporated and non-incorporated entities within our mandate. It should be noted, however, that the "*municipalization*" of LSDs will affect the Farmland Identification Program in that there will no longer be an average LSD tax rate for use in the calculation of the deferred taxes offered by the program. At the least, another threshold will need to be developed in lieu of the average LSD tax rate.

Recommendation: 73

It is recommended that, with the exception of the consequential change required in the Farmland Identification Program with respect to the use of the average local service districts tax rate in determining the amount of the tax deferral, the property taxation rules currently applicable to forests and farmlands remain unchanged.

10.8 An Integrated Approach

We cannot overstate the importance of approaching these financial recommendations in an integrated fashion. Selective adoption of the recommendations could actually serve to further distort and aggravate an already structurally unsound system.

The recently released **Discussion Paper on New Brunswick's Tax System** (June 2008) highlighted the need to consider the impact of property taxation on economic competitiveness, investment and job creation. The report noted the importance of ensuring that the overall tax system encourages income generation, job creation, sustainable growth, and moves the province towards self-sufficiency.

Three key issues were identified and four options for addressing these were presented in the Discussion Paper. The three issues raised were:

- The differential property tax treatment between residential and non-residential properties;
- LSDs and the 65 cent levy; and
- Property assessments.

The options presented for addressing these issues included:

- Reduce the provincial non-residential rate ($2.25) and extend the 65 cent LSD rate;

- Eliminate the provincial residential rate, reduce the provincial non-residential rate and extend the 65 cent LSD rate;
- Introduce three-year average assessment values; and
- Introduce a property tax adjustment factor referred to as an *"Accountability Mechanism."*

During the course of our review, updated information was obtained through the Comptroller's Office on the cost of services provided in LSDs and the current property tax revenues generated in these same areas. Consideration was also given to various tax room transfer or tax-sharing models for municipalities with a view to improving accountability and local fiscal capacity.

Our recommended approach is largely consistent with two of the options put forward in the Department of Finance's **Discussion Paper**. A tax room transfer will reduce municipal dependence on provincial grants and increase local accountability for expenditure and tax rate decisions. It also offers the potential to lower the overall tax burden. The so-scalled 65 cent issue in LSDs will be rectified in an orderly fashion by: 1) moving the cost of policing to the local rate; and 2) by moving the local rate for the cost of road services to a rate that reflects the actual cost of the services provided and applying this rate to all properties in the former unincorporated areas.

Two additional options were put forward in the **Discussion Paper**: the introduction of an adjustment mechanism and the use of a three-year averaging provision to help to mitigate the impact of rapid or significant increases in property assessments. It appears that these tools are designed to address the affordability concerns of local rate payers. The cost burden to ratepayers of increased assessments is further aggravated by the requirement to pay the property tax bill in full when the bill is issued.

Property taxes have long been recognized as regressive by their very nature. It is true that as the market value of properties increase, so does the property assessment. This, in turn, can lead to larger property tax bills even without an increase in the local tax rate. The value of an individual property may double, and so too may its assessment and tax bill. Yet it is unlikely that the owner's ability to pay (income) has increased to the same extent. In other words, while the value of the person's wealth (assets) has increased their ability to pay has likely not done so.

However, it must also be recognized that a fundamental strength of the current provincial property assessment system is application of the principle of market value assessments. A uniform assessment approach, using arm's-length values determined in the open market place, is preferred over an arbitrary system of rules designed to try to *"put a value"* on an individual's property.

The introduction of a *"three-year averaging"* approach to assessments has merit and should be considered in more detail to determine its financial impact on municipal entities. Consultation with the municipal entities is in order in this regard. It offers the potential to smooth sharp increases or decreases in property assessments while still respecting the principle of market value assessment. We draw a distinction between an averaging approach that would serve to *"smooth"* the impact of increases or decreases in property values and the suggested *"freezing or capping"* of valuations, which has the effect of artificially limiting property assessments for extended periods.

We are of the opinion that the use of an averaging approach to assessments coupled with a move to twice-a-year remittance of property taxes would serve to mitigate the financial impact on property owners.

Recommendation: 74

It is recommended that a *"three-year averaging"* approach to assessments be considered for implementation after due consultation with the municipal entities.

Recommendation: 75

It is recommended that property tax billings continue to be issued on an annual basis, but that remittances be required on a semi-annual basis to split the financial burden on property owners into two more manageable payments.

It is true that municipalities rely on this assessment base growth to fund increases in the cost of services, materials, wages, and to cover the cost of new or expanded services. However, the proposal in the **Discussion Paper** to introduce an *"adjustment factor"* to automatically adjust property tax rates to limit the revenue increases from assessment base growth from new construction and inflation poses serious difficulties. The adjustment model would be administratively burdensome. The factors would be little understood by the general

public and would be open to ongoing criticism as they would have to vary from community to community. Furthermore, the introduction of a *"provincial adjustment"* factor in the local decision-making process will result in finger pointing between the two levels of government for taxation decisions. It also raises the spectre of having the Province tell the local rate payers that local property tax rates should increase in the face of a declining assessment base.

More importantly, this approach is inconsistent with the accepted principles of local accountability and autonomy. Property taxation is a highly visible form of taxation and municipal councils and their constituents are extremely sensitive to tax rate changes. Property tax rates are widely reported in the local press and carefully scrutinized by residents and businesses alike. The decision on local tax rates should rest entirely with the democratically elected council that is directly accountable to its residents.

Recommendation: 76

It is recommended that the introduction of the *"accountability mechanism"* as proposed in the Discussion Paper on the New Brunswick's Tax System not be implemented.

Transition considerations

Given the integrated nature of the recommendations presented in this report, it is unlikely that the proposed fiscal regime will be put in place prior to the next municipal budget year. It would, therefore, be appropriate to extend the current municipal funding allocations to the existing municipalities and LSDs for at least the next calendar year (2009) in the interest of stability and predictability.

Recommendation: 77

It is recommended that the current provincial-municipal funding arrangements be extended pending consideration of related recommendations in this report.

In Summary

There will be a need for more detailed analysis of the proposed model once a decision is made by government regarding the new/reconfigured municipal entities and the new regional service districts. These decisions could lead to further refinements or changes to address any problem areas that may arise. However, at this stage, we are confident that the financial model we are proposing accomplishes several desirable objectives in the area of municipal financing.

From our perspective the proposed fiscal regime is preferred as it:

- Eliminates a controversial unconditional grant mechanism;
- Puts additional funding into municipalities through a tax room transfer;
- Responds to the need for stability and predictability in revenues;
- Promotes greater financial autonomy and clearer accountability at the local level;
- Provides more opportunity for municipal revenues to grow with assessment base growth;
- Minimizes municipal dependence on provincial transfer payments;
- Continues to support the principles of Equal Opportunity through equalization;
- Supports increased capacity at the municipal/regional level;
- Promotes fair taxation in the former LSDs commensurate with the level of services;
- Restores equity to all property tax classes in both municipalities and former LSDs;
- Addresses several inequities in the system (e.g., granny suites, condominiums);
- Allows for area specific tax rates based on the level of services available;
- Recommends development of a new Fiscal Pact to address infrastructure needs; and
- Fully integrates with the proposed governance structures and new municipal entities.

This being said, we are also aware, however, that some will challenge the proposed regime on the basis that:

- Municipalities are not given direct access to sales or income taxes as a new sources of revenue;
- Tax-room transfers could favour communities with strong growth;
- Integration of the former LSDs could mean increased costs to the new/reconfigured municipal entities;
- The provincial $1.50 levy per $100 of assessed value on apartments while removed as a provincial levy, is effectively passed to each municipal council's discretion through the proposed tax room transfer;

- The Province still derives some revenues from the property tax field; and
- Inter-municipal tax competition will likely increase given that some municipalities may not need all the tax room.

The reality is that the development of a comprehensive structural and financial model that meets with broad support of all interested parties is difficult to achieve. The outcome of this exercise cannot be expected to be any different. On balance, however, we are confident that the strengths of the new fiscal regime far outweigh any shortcomings.

Appendix 1: Unconditional Grant as Percentage of Total Budget by Municipality, Local Service District and Rural Community

Municipality	Unconditional Grant 2008	Total Budget 2008	Percent Grant Support
Fredericton	5,816,360	82,445,566	7.05%
Moncton	11,593,117	107,524,250	10.78%
Saint John	19,499,823	119,166,653	16.36%
Total Group "A"	**36,909,300**	**309,136,469**	**11.94%**
Bathurst	2,606,235	18,737,891	13.91%
Campbellton	2,227,973	9,945,526	22.40%
Dalhousie	716,894	6,074,702	11.80%
Dieppe	954,073	30,435,789	3.13%
Edmundston	2,664,309	23,343,027	11.41%
Miramichi	2,225,636	23,487,907	9.48%
Total Group "B"	**11,395,120**	**112,025,842**	**10.17%**
Caraquet	667,543	4,447,312	15.01%
Grand Falls	624,726	7,650,873	8.17%
Oromocto	757,190	13,159,989	5.75%
Sackville	543,944	8,247,407	6.60%
Shediac	626,537	7,663,104	8.18%
Shippagan	395,164	3,535,619	11.18%
St. Stephen	677,326	6,503,690	10.41%
Sussex	403,616	5,170,000	7.81%
Tracadie-Sheila	500,803	5,069,409	9.88%
Woodstock	548,686	6,580,762	8.34%
Total Group "C"	**5,745,535**	**68,028,165**	**8.45%**
Quispamsis	839,880	14,254,739	5.89%
Riverview	1,499,170	19,145,505	7.83%
Rothesay	417,721	12,214,000	3.42%
Total Group "D"	**2,756,771**	**45,614,244**	**6.04%**
Belledune	42,477	4,008,818	1.06%
Beresford	602,900	3,656,912	16.49%
Blacks Harbour	155,673	1,174,379	13.26%
Bouctouche	177,634	2,221,689	8.00%
Cap Pele	205,659	2,340,711	8.79%
Chipman	168,948	1,277,459	13.23%
Clair	78,730	713,499	11.03%
Doaktown	74,520	812,446	9.17%
Florenceville	14,223	1,894,386	0.75%
Grand Bay-Westfield	384,878	4,184,315	9.20%
Grand Manan	175,660	1,991,439	8.82%
Grande-Anse	135,508	779,499	17.38%
Hampton	295,888	4,238,715	6.98%
Hartland	121,483	1,369,590	8.87%
Hillsborough	172,267	1,238,128	13.91%
Kedgwick	186,157	971,931	19.15%
Lamèque	168,564	1,447,786	11.64%
McAdam	370,029	1,065,004	34.74%
Memramcook	535,426	3,550,672	15.08%
Minto	396,962	1,892,518	20.98%

Municipality	Unconditional Grant 2008	Total Budget 2008	Percent Grant Support
Nackawic	120,487	1,780,974	6.77%
Neguac	192,365	1,530,510	12.57%
Perth-Andover	175,245	2,061,229	8.50%
Petit Rocher	305,258	1,578,266	19.34%
Petitcodiac	178,620	1,476,407	12.10%
Plaster Rock	117,498	1,255,030	9.36%
Rexton	71,177	855,795	8.32%
Richibucto	130,845	1,685,381	7.76%
Rogersville	187,063	987,692	18.94%
Saint Andrews	132,583	3,170,562	4.18%
St. George	117,625	1,531,088	7.68%
Saint-Antoine	145,308	1,169,820	12.42%
Saint-Louis de Kent	146,800	1,180,905	12.43%
Saint-Quentin	216,054	1,901,631	11.36%
Salisbury	101,624	1,381,313	7.36%
Saint Léonard	230,255	1,305,795	17.63%
Total Group "E"	**7,032,393**	**65,682,294**	**10.71%**
Alma	20,270	324,664	6.24%
Aroostook	54,233	168,106	32.26%
Atholville	124,300	2,057,121	6.04%
Baker Brook	67,960	441,472	15.39%
Balmoral	230,886	1,200,533	19.23%
Bas-Caraquet	273,175	1,077,669	25.35%
Bath	48,811	381,439	12.80%
Bertrand	173,378	790,693	21.93%
Blackville	79,160	699,475	11.32%
Bristol	19,336	696,594	2.78%
Cambridge-Narrows	41,141	658,164	6.25%
Canterbury	39,712	218,578	18.17%
Centreville	25,354	475,936	5.33%

Municipality	Unconditional Grant 2008	Total Budget 2008	Percent Grant Support
Charlo	219,809	1,357,174	16.20%
Dorchester	89,824	774,028	11.60%
Drummond	49,755	641,929	7.75%
Eel River Crossing	173,073	786,196	22.01%
Fredericton Junction	79,329	611,344	12.98%
Gagetown	54,317	700,788	7.75%
Harvey	16,643	189,121	8.80%
Lac Baker	42,047	212,419	19.79%
Le Goulet	144,402	429,944	33.59%
Maisonnette	76,640	371,167	20.65%
Meductic	9,569	147,335	6.49%
Millville	32,219	241,741	13.33%
New Maryland	203,142	3,674,058	5.53%
Nigadoo	129,555	641,951	20.18%
Norton	168,024	949,418	17.70%
Paquetville	50,755	710,626	7.14%
Pointe-Verte	193,794	711,067	27.25%
Port Elgin	60,086	402,677	14.92%
Riverside-Albert	46,309	301,163	15.38%
Riviere-Verte	93,305	518,929	17.98%
Saint-François de Madawaska	56,647	731,603	7.74%
Saint-Isidore	93,178	755,299	12.34%
Saint-Léolin	138,662	395,974	35.02%
Sainte-Anne-de-Madawaska	156,970	786,139	19.97%
Sainte-Marie-Saint-Raphael	184,481	608,163	30.33%
St. Hilaire	14,650	276,721	5.29%
St. Martins	28,453	421,823	6.75%
Stanley	17,668	431,066	4.10%
Sussex Corner	78,517	915,862	8.57%

Municipality	Unconditional Grant 2008	Total Budget 2008	Percent Grant Support
Tide Head	87,658	735,011	11.93%
Tracy	78,232	367,751	21.27%
Total Group "F"	**4,065,429**	**29,988,931**	**13.56%**
Total All Groups	**67,904,548**	**630,475,945**	**10.77%**
Local Service Districts	3,150,945	42,101,051	7.48%
Rural Communities	73,472	1,479,381	4.97%

Note:
Florence and Bristol are separated because they would each receive the unconditional grant for 2008 - their amalgamation took place July 1, 2008.

Outline

Chapter 11
Streamlining the Provincial Government Functions Relating to Local Governance

11.1 Multiple Local Governance Related Acts 156
11.2 Ceaseless Reconfiguration of Functions 159
In Summary 161
Appendices
Appendix 1: Leadership Changes for the Department Responsible for Local Governance 162

Chapter 11
Streamlining the Provincial Government Functions Relating to Local Governance

Several times in this report, we have identified fragmentation and lack of integration as major weaknesses of the present local government organization at the field level. The management of the local government file at the centre, within the provincial government, appears similarly fractured. It is difficult to envisage how the practice of democracy and service delivery at the community level could be better coordinated and unified without corresponding realignments of responsibilities and structures within the provincial government.

Within the provincial government, organizational problems have plagued the local governance sector for decades now. Byrne highlighted these difficulties back in 1963. He observed a scattering of responsibilities across many departments as "*...a tangle of overlapping statutes of great diversity which currently regulates the structure and taxing powers of local government*"(1963, p. 25). He urged an integrated reorganization in provincial-municipal fiscal and administrative relations in New Brunswick. The government responded by adopting a comprehensive piece of legislation for local government - the *Municipalities Act* - which conferred powers upon municipalities and clearly delineated their responsibilities. The new Act superseded all existing legislation. At the same time, within the provincial government itself, most responsibilities relating to local governance were also consolidated.

These improvements in integration and coordination were, however, of short duration. They were gradually eroded over the years as successive governments acted in isolation in response to emerging issues. This chapter chronicles changes in the provincial government during the post-Byrne era relating to the local government sector. It calls for another fundamental reconstruction of the provincial government central apparatus for those areas relating to the local governance system with a view to addressing the current fragmentation.

11.1 Multiple Local Governance Related Acts

Not all of Byrne's (1963) recommendations regarding the organization and management of local government were implemented. In particular, his proposal for an *"administrative commission"* to oversee the municipal sector was not accepted. The *"administrative commission"* approach was deemed incompatible with the principle of elected accountable government. Nonetheless, significant rationalization and streamlining of the municipal government management function was effected. Municipal statutes were consolidated and most of the responsibilities for local governance were placed under a single department.

At the same time, however, the new local governance architecture adopted in the early 1960s, and based on some of Byrne's principal recommendations, was such that the provincial government itself would become more deeply and directly involved in local governance issues than ever before. In fact, given that large parts of the province's territory and almost half of its population were now without local government, the provincial government assumed an unprecedented role in local governance decision-making and stepped in as a major provider of local services. It became, de facto, the local government for all of the non-incorporated areas. The provincial government needed statutory instruments commensurate with its newly acquired responsibilities. Over time, new laws and regulations were passed to allow the provincial government to play its role in the delivery of municipal-type services. Similarly, the provincial government would need legal instruments to meet its new responsibilities in such areas as property assessment and the provision of financial assistance to municipalities, to cite just a couple of examples.

The end result is that local governments in New Brunswick today operate in a very complex and convoluted legal environment. Dozens of public and private acts, plus multiple regulations, apply to municipalities. Although the *Municipalities Act* (passed in the 1960s), which among other things gave municipalities authority to set property tax rates for the purpose of providing local services, remains an important statutory instrument pertaining to local governance, it has lost the comprehensiveness that Byrne felt was necessary to support a coherent local governance framework. The several complementary and specialized pieces of legislation adopted since, and dispersed in various departments and agencies, have considerably diffused provincial government decision and policy-making capability in the area of local governance.

A brief review of the various statutory provisions that relate to municipalities provides for a better appreciation of the complexity of the present environment. The first complicating factor arises from the fact that local governments in New Brunswick are still, today, governed through a mix of private and public legislation. A number of existing municipalities have been created on the basis of special acts or charters (e.g., Saint John City Charter, *Moncton Consolidation Act*, Fredericton City Charter). Furthermore, many of the boundary adjustments that have occurred over the years have been effected through municipality-specific (customized) legislation. For example, the *Edmundston Act (1998)* created the new City of Edmundston, which resulted from the merger of several municipalities and a local service district. In the case of the amalgamation creating the new City of Miramichi, changes to a regulation under the *Municipalities Act* were used to bring about the restructuring.

Consistency has also been absent in the area of inter-municipal cooperation for service delivery. In some cases, the Province has legislated that municipalities must share in the cost of certain facilities. For example, the *Greater Saint John Regional Facilities Commission Act* was enacted to force cost-sharing among municipalities for five major facilities in the Greater Saint John area. Conversely, cost-sharing for the Campbellton Memorial Civic Centre and for the new arena complexes in the City of Fredericton has been established through administrative agreements. Municipalities also have at their disposal a regulation which guides the development of shared-service agreements.

In addition to the *Municipalities Act*, other important public statutes of general application govern the operation of local governments in New Brunswick. Only some of them, however, presently fall under the Department of Local Government. They are:

- The *Control of Municipalities Act*, which provides for uniform reporting and auditing of municipalities, as well as provisions to deal with major financial or other significant administrative / governance problems;
- The *Municipal Assistance Act*, for the purpose of providing unconditional grants to local governments, local service districts and rural communities;

- The *Municipal Capital Borrowing Act*, governing municipal borrowing to finance capital projects;
- The *Municipal Debentures Act*, specifying the terms and conditions for the issuance of debentures by municipalities and rural communities;
- The *Unsightly Premises Act*, for the purpose of controlling the appearance and safety of properties in the Province;
- The *Society for the Prevention of Cruelty to Animals Act*, providing for the protection and good treatment of animals;
- The *Days of Rest Act*, providing for a certain uniformity in establishing days of rest from work across the province;
- The *Municipal Thoroughfare Easements Act*, regulating the vesting of easement rights in municipalities and rural communities and compensation to owners;
- The *Assessment and Planning Appeal Board Act*, which looks after planning and assessment decision appeals;
- The *Business Improvement Areas Act*, providing for special tax treatment of commercial property in identified business development areas within municipalities; and
- The *Metric Conversion Act*, which ensures conversion of all measurements in accordance with the International System of Units as determined by reference to the conversion factors contained in the National Standard of Canada.

The Department of Local Government is also responsible for a number of other local government-related statutes of more limited application such as: the *Greater Saint John Regional Facilities Commission Act*, which governs the annual amount of the total municipal contribution to be made towards the operation of regional facilities and the amount of the contribution of each participating municipality, and the *Act to Comply with the Request of The City of Saint John on Taxation of the LNG Terminal*, which defines the yearly amount of the municipal tax payable in respect of the LNG terminal.

Currently, several other acts impacting more specifically on the financing of local governments are lodged in other departments and agencies of the provincial government. **Service New Brunswick** (an agency of government) is responsible for the *Assessment Act*, which provides for the evaluation of all real properties in the province for the purpose of property taxation, as well as the *Residential Property Tax Relief Act*, which authorizes the giving of credits against taxes owing in respect to residential properties. The Department of Finance administers the *Real Property Tax Act*, which prescribes the conditions for the taxation of all real properties in the Province, the *Real Property Transfer Tax Act* governing the imposition of taxes on the transfer of properties, and the *New Brunswick Municipal Finance Corporation Act*, the object of which is to provide pool financing for municipalities and municipal enterprises through a central lending authority. Until recently, the Department of Finance was also responsible for the *Municipal Assistance Act*. This act is now the responsibility of the Department of Local Government as noted above.

Also impacting directly on local governments are laws concerning the physical environment and the use of lands in the province. Three statutes are of particular importance in this respect. They are the *Clean Environment Act*, the *Clean Water Act* and the *Community Planning Act*, all currently under the purview of the Department of Environment. Not only is clean water largely dependent on a clean environment, but achieving either of the two requires adequate planning at the community, regional and provincial levels. Land developments without proper plans and controls will most certainly be detrimental to the environment and will make provision of municipal services extremely costly. Byrne had identified potential problems associated with uncontrolled development back in the early 1960s. This is why he recommended that community planning be a shared service among adjacent municipalities and that cities and towns be accorded planning jurisdiction over neighbouring non-incorporated areas. Going back to the 1960s, the provincial government recognized the close connection between community planning and local government decision-making by placing the responsibility for the *Community Planning Act* under the responsibility of the Department of Local Government. That responsibility remained with the Department of Local Government until 2005.

There are other areas of primary municipal responsibility for which the Department of Local Government is presently not the lead player within the provincial government. Chief among them are fire and police protection. Although both are local government functions (though only policing is a mandatory service) and are listed under the *Municipalities Act* as municipal services, the pertinent legislation, i.e., the *Police Act* and the *Fire Prevention Act*, resides with the Department of Public Safety. It is this department that sets the standards and most of the conditions under which these services are delivered. At certain times in the past, both fire protection and emergency planning were with the department responsible for local governments.

Responsibility regarding municipal infrastructure is also parceled out among a number of provincial departments. Municipalities and rural communities, to borrow for capital projects, must obtain the authorization of the Municipal Capital Borrowing Board as required by Subsection 6(1) of the *Municipal Capital Borrowing Act*. This responsibility is presently lodged in the Department of Local Government. This department also administers the Gas Tax Fund, a federal-provincial municipal infrastructure assistance program made permanent with the February 2008 federal budget.[1] However, the responsibility for other important instruments of municipal infrastructure funding such as the Municipal Rural Infrastructure Fund and the Communities Component of the Building Canada Fund (BCF) - part of the Government of Canada's new flagship infrastructure program - has been recently assigned to the Department of the Environment. This diffusion of responsibility, in combination with weak community and regional planning, is not conducive to strategic and rational decision-making regarding capital investments in the local government sector. As a result, examples of facilities being overbuilt and/or underutilized, poor infrastructure location and duplication are not difficult to find all over New Brunswick, with substantial undesirable cost implications.

The sheer number of statutes and related programs pertaining to the organization, financing and operation of municipal governments in New Brunswick also brings frustration for the local political and administrative leadership. The way responsibilities for the administration of these laws and programs has been apportioned within the provincial government only add to the complicated workings of the central apparatus. Seeing any municipal dossier through the Province's bureaucracy entails a convoluted passage through multiple departments and agencies with a resulting burden of duplicative and often unnecessary steps. Small local governments with limited human resource capacities in particular can't easily cope with these overly complex arrangements. In the centre, compartmentalized responsibilities protract decision-making. Connecting the local government policy dots necessitates tremendous effort and mobilizes a disproportionate amount of time and resources through countless interdepartmental meetings and special consultations. These efforts and resources could be better spent in direct assistance to local government decision-making and service delivery.

In Chapter 13 of this report, advice is provided regarding the modernization of various statutory provisions dealing with the general organization and operation of local governments. Here, the concern is more specifically with the need to consolidate and restructure core statutory provisions that relate to local governance. In this respect, we are in agreement with the general thrust of the report of the **Municipalities Act Review Advisory Committee** (1998). We believe, as did the **Advisory Committee**, that bringing as many provisions as possible that relate to local governance into a more limited number of statutes would provide both municipal councils and the public easier access to the legislation that governs municipal affairs. We also recognize that, given the number of statutes involved and their volume, total consolidation is not possible. However, our approach differs from that of the **Advisory Committee** as to how statutory provisions that relate to subject matters of importance to local governments should be brought together or combined. We favour the integration of such provisions into two new comprehensive statutes; one dealing with the general organization and operation of local government and another respecting the financing of the local governance system. In this context, special attention should be paid to existing statutory provisions relating to planning. We are of the opinion that keeping the provisions of the *Community Planning Act* separate and apart from the main statute governing municipalities, as suggested by the **Advisory Committee**, would not serve the local government sector well. Community planning, and land use in particular, is central to local governance. Thus, provisions dealing with community planning should constitute key elements of a new statute on local governance.

Recommendation: 78

It is recommended that the provisions of the following statutes be consolidated in a new comprehensive Local Government Organization Act: the *Municipalities Act*, the *Control of Municipalities Act*, the *Community Planning Act*, the *Assessment and Planning Appeal Board Act*, the *Business Improvement Areas Act*, the *Municipal Thoroughfare Easements Act*, the *Municipal Assistance Act*, the *Municipal Debentures Act*, the *Municipal Capital Borrowing Act* and the *Municipal Heritage Preservation Act*. It is further recommended that this new act be placed under the responsibility of the Department of Local Government

1 This program, which transfers part of the revenues generated by the gas tax to municipalities and LSDs to finance infrastructure, is worth $18 million in 2008-09. It will be $46 million in 2009-10 when it reaches it's maximum.

Recommendation: 79

It is recommended that the provisions of the following statutes be consolidated in a new comprehensive "Financing of Local Services Act": the *Real Property Tax Act*, the *Real Property Transfer Tax Act*, the *Residential Property Tax Relief Act*, and the *New Brunswick Finance Corporation Act*. It is further recommended that this new act be placed under the responsibility of the Department of Finance.

11.2 Ceaseless Reconfiguration of Functions

How functions are grouped together plays a role in making government programs and services more or less accessible and in defining relationships with client groups. It also impacts on policy coordination and integration. In New Brunswick, since the implementation of the Byrne-inspired reforms in the early 1960s, the local government policy sector has suffered from a lack of stability and cohesion. Within the provincial government, local government-related functions have been brought together and separated more in response to political imperatives than on the basis of administrative or policy logic. The provincial department responsible for local government policies and programs has been reconstructed on eight occasions since 1967. It changed names as many times. During the same period, the department was led by eight different ministers and nine different deputy ministers. On each occasion, local government functions were reconfigured in order to reflect the priorities of the government of the day or to accommodate political circumstances, or both. (See Appendix 1 of this chapter on the frequency of leadership changes for the department responsible for local governance.)

Although the government of Louis J. Robichaud did not support the degree of centralization advocated by Byrne, or his concept of an *"administrative commission,"* it did accept a good number of the **Royal Commission**'s recommendations pertaining to the organization of the provincial government. In particular, it heeded Byrne's advice on the need to develop a more focused and consolidated approach to local governance within the provincial government. Not only did it proceed with a significant consolidation of municipal related statutory provisions under a more comprehensive *Municipalities Act*, but it also transformed the Department of Municipal Affairs into an umbrella organization with responsibility for most of the key functions relating to local government. These functions included property assessment, property tax collection, and the provision of municipal financial assistance through a transfer system. The newly structured Department of Municipal Affairs also became the provider of local services in the non-incorporated areas, as per another of Byrne's recommendations.

The mandate of the Department of Municipal Affairs was further enhanced several years later when the government passed environmental protection legislation such as the *Clean Environment Act* and the *Clean Water Act*. The close association between environment protection and local governance was also formally recognized through a change in the name of the department, which became the Department of the Environment and Municipal Affairs in 1985. It was then understood that the protection of the environment could only be realized through proper community (physical and land use) planning, which is essentially a local government function. Community planning legislation enacted in New Brunswick in 1912 was first known as the *Act Relating to Town Planning*. It was only in 1961 that the Act, although still mainly concerned with zoning issues, was changed to the *Community Planning Act*. The 1961 amendments seemed to acknowledge that community planning is basically a means to the attainment of broader socio-economic objectives. For the first time the revised Act provided for the appointment of a director of planning and the creation of a planning branch within the Department of Municipal Affairs. The department's role with regard to planning was reconfirmed and further broadened in 1966 when, following the Byrne recommendations, planning for the non-incorporated areas was placed under its responsibility.

For a period of time, therefore, local governments had an easily identifiable spokesperson within the provincial government of New Brunswick. They were essentially served from a single provincial window. Local government policy coordination and cohesiveness was markedly improved. Beginning in the mid-1980s, new forces came into play that would significantly weaken this unified management and policy approach to local governance within the provincial government. The desire to give a higher profile to environmental issues, combined with the need to increase the number of cabinet minister positions in a government that held all the seats in the Legislative Assembly,[2] led to the creation of a full-fledged Department of the Environment as

2 As a result of the 1988 elections, the Liberal Party won all 58 seats of the Legislative Assembly, thus creating extra pressure to find minister posts for a large number of backbenchers.

of 1989. The responsibility for environmental protection policies and programs was transferred out of the Department of Municipal Affairs and into the newly created department. At about the same time, on the financial front, the provincial government was pressed to deal with its annual operating deficits and mounting debt burden. It needed to limit municipal-related financial outlays, both budgetary expenditures and grant funding. Eventually certain financial responsibilities including municipal financial assistance were moved to the Department of Finance. Thus, the municipal policy and program sector had returned to a state of fragmentation not known since the 1960s.

The Department of Municipal Affairs was reconfigured again when the responsibilities for housing and culture were added to its mandate. In the early 1990s, it became the Department of Municipalities, Culture and Housing, but without regaining the core functions lost in the previous restructuring. This new configuration reflected a changing dynamic in local government services where recreation and community services expenditures were growing quickly. While New Brunswick municipalities were no longer burdened with the responsibility for the provision of social services to individuals, the general improvement of the cultural, recreational and social environment was considered more and more within their responsibilities. Nonetheless, these new functions did not fit naturally with the traditional culture of the Department of Municipal Affairs and their integration remained a significant operational and management issue well after their transfer took place. Local governments themselves did not know what to make of the forced marriage and got somewhat confused as to the exact role of the department. It should be noted that this department also had responsibility for Sport and Recreation, 911 services, the Office of the Fire Marshal, and the Emergency Measures Organization. As well, the Chief Electoral Officer reported to the assistant deputy minister (ADM) in this department.

By the time the Department of Municipalities, Culture and Housing was fully restructured to reflect the new functional alignment, government priorities had shifted again. Federal funding for housing programs had dried up and budgets for culture were seriously curtailed in order to contribute to the balancing of the provincial government's books. No significant new program activities had developed in either of the two areas. Municipal councils across the province did not present many objections when, after just a few years of co-habitation, culture and housing found another home and the department responsible for municipalities was rebuilt on more orthodox contours. This time (December 2000), the department briefly returned to its original designation (Municipalities) before taking the title Environment and Local Government in March 2001. This name modification was indicative of a developing concern with broader local governance issues in the province, and not just with municipal governments[3]. The association of culture and housing with the municipal sector had been essentially symbolic. No significant changes in municipal-provincial relations had occurred or noticeable benefits accrued to municipalities as a result of this temporary union.

During the 1990s, under the government of Premier Frank McKenna, major structural modifications in provincial services were launched that affected local governance and the relationships of local communities with their provincial government. In addition to seeking municipal consolidations, the government reduced the number of health corporations from 51 to eight, and school districts from 42 to 18. Elected school boards were abolished. Efforts were deployed towards the consolidation of police services in several areas of the province. Although people recognized that these changes were necessary in order to reduce public expenditures and contain tax increases, they did not always appreciate the accompanying loss of local decision-making and control over community issues. By the end of the millennium, the cumulative effect of these changes was being felt and breeding a certain degree of community discontent. Simultaneously, environmental problems stemming from the lack of appropriate community and land use planning were becoming more widespread. Already, in 1993, **CLURE** had clearly recognized the interdependencies between local governance and environmental issues. It had identified the absence of local governance in the rural areas, the fragmentation of authority in the more urban areas and the general lack of provincial planning direction as the main cause of urban sprawl and linear developments. The case for managing local governance and environmental protection issues in a more integrated fashion was, therefore, becoming clear again. Upon assuming office in 1999, the administration of Premier Bernard Lord seemed to acknowledge this necessary integration as it went back to the 1985 organization model by placing local governance and environmental protection functions

3 This return to a more traditional mandate for the Department of Municipal Affairs (now known as Department of Local Government) was part of a larger realignment of government functions coinciding with the swearing in of the government of Premier Camille Thériault.

under a single department again, although this time the department would be known as Environment and Local Government (instead of Municipal Affairs and Environment). Other functions related to local government, however, remained separate.

Early in its mandate, the Lord government searched for ways to reform the local governance/environment policy sector with a view to addressing the most pressing problems. Governance, fiscal and environmental issues were cited among the reasons that gave birth to the **Minister's Round Table on Local Governance** in December 2001. It was recognized that:

> *"In the unincorporated areas (suburban and rural), development continues to occur without being properly planned and managed, resulting in a variety of land use conflicts and environmental impacts. Relationships between municipalities and their neighbouring LSDs have, in some instances, become strained as a result of issues related to...uncontrolled development adjacent to municipal boundaries and differences in property taxation rules"* (**A Vision for Local Governance in New Brunswick**, 2001, p. 1).

And, although the **Round Table**, much like **CLURE** did in 1993, specifically advocated the establishment of *"...a regional planning tool to bring about improved coordination and linkages between communities in terms of land use planning, infrastructure development and the protection of the natural environment"* (1993, p. 1), nothing of substance ensued. The scenario of the late 1980s repeated itself. The environment protection movement, much like it did back in the 1980s, argued for the separation of the departments of Municipal Affairs and of the Environment on the basis of *"incompatibility between the roles of the two departments."* The predominantly regulatory and policing role of the Department of the Environment was deemed incompatible with the role of the Department of Municipal Affairs or Local Government. The municipal associations also argued that its issues were being overshadowed by an *"environmental philosophy"* and called for its own departmental structure. These perspectives were taken into consideration when the Lord administration decided to separate the two departments again (2006). After several years of joint action and considerable progress in unifying the two structures, the centre is now divided again between a Department of Local Government and a Department of the Environment. For the last two years now, program disentanglement has consumed a substantial portion of the time of the senior management in both departments. The disconnection between local governance and community planning, however, persists as well as the duplication in administrative structures.

In Summary

The constant shuffling of the deck at the centre described herein has not served local governance well. Furthermore, the present administrative arrangements do not lend themselves to province-wide rational and systematic decision-making in the local governance sector. Local government-related functions and responsibilities are scattered in too many departments and agencies of the provincial government, making integrated local governance policy development almost impossible. No comprehensive reform of local governance is likely to succeed under the current structure as the Department of Local Government has only partial jurisdiction over local government related issues. For example, community planning, a central function of local governance, resides in another department. In their brief to this Commissioner, the professional planners involved with the district planning commissions have lamented the lack of coordination between government departments and made it clear that they support greater integration of planning and local governance. At its annual general meeting of Oct. 1, 2006, the Union of Municipalities of New Brunswick also supported such integration. It adopted a resolution to *"petition the provincial government to move the planning branch from the Department of Environment to the Department of Local Government"* (UMNB Resolution U-06-07).

Recommendation: 80

It is recommended that local governance-related functions, including community and land use planning as well as major infrastructure development and funding, be fully integrated and placed under the responsibility of a single department (namely the Department of Local Government) within the organization of the provincial government.

Appendix 1: Leadership Changes for the Department Responsible for Local Governance

Year	Department	Minister	Deputy Minister
67-68	Municipal Affairs	Fernand Nadeau	Edwin Allen (1956)
68-69	Municipal Affairs	Fernand Nadeau	Edwin Allen
69-70	Municipal Affairs	Robert Higgins	Edwin Allen
70-71	Municipal Affairs	Jean-Paul LeBlanc	Edwin Allen
71-72	Municipal Affairs	Horace Smith	Edwin Allen
72-73	Municipal Affairs	Horace Smith	Edwin Allen
73-74	Municipal Affairs	Horace Smith	Edwin Allen
74-75	Municipal Affairs	Horace Smith	Edwin Allen
75-76	Municipal Affairs	Horace Smith	R.L. Bishop
76-77	Municipal Affairs	Horace Smith	R.L. Bishop
77-78	Municipal Affairs	Horace Smith	R.L. Bishop
78-79	Municipal Affairs	Horace Smith	R.L. Bishop
79-80	Municipal Affairs	Horace Smith	R.L. Bishop
80-81	Municipal Affairs	Horace Smith	R.L. Bishop
81-82	Municipal Affairs	Horace Smith	R.L. Bishop
82-83	Municipal Affairs	Yvon Poitras	Henry Irwin
83-84	Municipal Affairs	Yvon Poitras	Henry Irwin
84-85	Municipal Affairs	Yvon Poitras	Henry Irwin
85-86	Environment and Municipal Affairs	Robert Jackson	Pierre Marquis
86-87	Environment and Municipal Affairs	Vaughn Blaney	Pierre Marquis
87-88	Environment and Municipal Affairs	Vaughn Blaney	Pierre Marquis
88-89	Environment and Municipal Affairs	Vaughn Blaney	Pierre Marquis
89-90	Municipal Affairs	Hubert Seamans	Pierre Marquis
90-91	Municipal Affairs	Marcelle Merereau	Georgio Gaudet
91-92	Municipalities, Culture and Housing	Marcelle Mersereau	Georgio Gaudet
92-93	Municipalities, Culture and Housing	Marcelle Mersereau	Julian Walker
93-94	Municipalities, Culture and Housing	Paul Duffie	Julian Walker
94-95	Municipalities, Culture and Housing	Ann Breault	Julian Walker
95-96	Municipalities, Culture and Housing	Ann Breault	Julian Walker
96-97	Municipalities, Culture and Housing	Ann Breault	Julian Walker
97-98	Municipalities, Culture and Housing	Marcelle Mersereau	Byron James
98-99	Municipalities, Culture and Housing	Marcelle Mersereau	Byron James
99-Dec/00	Municipalities and Housing	Joan MacAlpine	Byron James
Dec/00-Mar/00	Municipalities	Joan MacAlpine	Byron James
00-01	Environment and Local Government	Kim Jardine	Byron James
01-02	Environment and Local Government	Kim Jardine	Byron James
02-03	Environment and Local Government	Kim Jardine	Hermel Vienneau
03-04	Environment and Local Government	Brenda Fowlie	Hermel Vienneau
04-05	Environment and Local Government	Brenda Fowlie	Hermel Vienneau
05-06	Environment and Local Government	Brenda Fowlie Trevor Holder	Hermel Vienneau
06-07	Local Government	Trevor Holder Rose May Poirier Victor Boudreau	Hermel Vienneau Bonny Hoyt-Hallett
07-08	Local Government	Victor Boudreau Carmel Robichaud	Bonny Hoyt-Hallett

Source: Information from Annual Reports of departments responsible for local government, and from Legislative Library, 1967/68 – 2007/08

Outline

Chapter 12
Accountability and Transparency in Modern Municipal Government

12.1 Performance Measurement 164
12.2 Openness of Local Government and Access to Information 165
Open and closed meetings 165
Access to information 165
Rules for municipal election campaign contributions 166
12.3 Potential Adjustments to the Property Taxation and Assessment System 166
Property tax bill 166
Property assessment appeals 168
12.4 Potential for a *"Municipal Affairs Commission"* 169
In Summary 170

Chapter 12
Accountability and Transparency in Modern Municipal Government

Issues of accountability and transparency have taken on added prominence in recent years as residents, interest groups, as well as businesses and the media are demanding more from municipalities both in terms of service quality and cost effectiveness. The public wants to be sure that what they are paying for services is indeed appropriate and that the decisions being made by their elected representatives are informed, fair and meet the needs of their respective communities.

Given their closeness and their accessibility to the electorate, it is recognized that municipal governments are already subject to a level of scrutiny that other levels of government do not necessarily face. However, recent developments in other provinces and in New Brunswick suggest that more can be done to improve accountability and transparency. The emergence of performance benchmarks for local governments in other jurisdictions across Canada suggests that there is growing interest in knowing how well municipal administrations and their elected officials are doing in terms of providing effective services and responding to community needs. In New Brunswick, the final report of the **Right to Information and Protection of Personal Information Review Taskforce** (September 2007) recommended that the provisions of the *Right to Information Act* be made applicable to municipalities. The government has acted on this recommendation and has introduced the *Access to Information and Protection of Privacy Act*, which will apply to municipalities and rural communities, along with several other public sector organizations.

In addition to advocating for enhanced public access to information in municipal government, in a submission to the **Right to Information and Protection of Personal Information Review Taskforce**, New Brunswick's Ombudsman (refer to **Inside and Outside the Box: Proposals for an Information and Privacy Rights Code for New Brunswick**, July 5, 2007) has also recently weighed in on concerns regarding the property assessment appeal process and on the issue of

cost sharing for recreational services. These developments illustrate that public sentiment is calling for greater emphasis on accountability, transparency and engagement in the municipal public sector. As this report calls for substantial changes to the local government system in this province, there is an opportunity to make adjustments and build in mechanisms that will improve public confidence in local government institutions.

This chapter highlights several areas where accountability and transparency could be improved in municipal government, and in terms of the relationship between the provincial government and municipalities. It also identifies certain actions that could be taken by the provincial government to improve the public's understanding of certain local government related expenditures as well as of the property tax and property assessment system.

12.1 Performance Measurement

One of the ways in which accountability can be enhanced is through the establishment of performance measurement. Adopting performance indicators would help New Brunswick municipal governments to think critically about what they are doing, what they are trying to accomplish, and then to set performance goals and targets for themselves. Models of performance measurement adapted to municipal governance have now been developed and used in several jurisdictions: Ontario, Quebec and New Zealand, just to name a few. In its handbook entitled **Municipal Performance Measurement Program (MPMP)**, first published in 2003, the Ontario Ministry of Municipal Affairs highlights four potential benefits of performance measurement. These include:

- Enhanced accountability;
- Improved performance;
- Improved productivity and creativity; and
- Improved budget development processes.

Enhanced accountability can be achieved because performance measurement gives administrators and council members a clearer picture of what needs to be accomplished and what the expected standards are for the services provided. It encourages the identification of best practices and allows for easy comparisons between local governments. Ultimately, the use of performance measurement can tell taxpayers how well the municipal government is doing in terms of serving its residents and how effectively tax dollars are being spent.

Performance measurement can also challenge individuals in an organization to think about how productivity can be improved and to think *"outside the box"* in terms of making a service more responsive to public needs, while at the same time considering how cost efficiencies can be achieved.

Municipal governments can also benefit from performance measures in their annual budgeting processes. Once a budget is passed, performance measures help to assess whether service areas are remaining within their budgetary allocations, while at the same time providing an indication of whether service requirements are being met (**Ontario MPMP Booklet**, 2003, pp. 5-6).

Here, in the Maritime Provinces, the Atlantic Institute for Market Studies (AIMS) has advocated for performance measurement in the municipal sector in its recently published preliminary **Municipal Report Card for New Brunswick Municipalities**. It has identified governance, taxation, safety and protection, transportation, environmental health, economic development, as well as recreation and culture, as the categories to be used in such an analysis. AIMS feels that such a report card will help municipalities assess how well they are doing in comparison to other municipalities.

It is our view that ongoing performance measurement and monitoring does need to be more firmly established in the New Brunswick municipal sector. The reporting of annual municipal statistics, while useful, does not go far enough in terms of telling us whether a municipal government is being effective and/or efficient. Therefore, we would advocate the development of a simple and limited set of performance indicators that municipalities would be required to use in assessing governance and service delivery. These indicators need to be selective and easily measurable so that they do not create overly burdensome reporting requirements.

The performance indicators published by the ministries responsible for municipal affairs in Ontario and Quebec could serve as a reference point for such measures. It is proposed that a committee consisting of representatives of municipalities and of the Department of Local Government be established and mandated to develop municipal performance measures and targets. Such a committee would also

be responsible for recommending a reporting framework that municipalities would be required to follow on an annual basis. It is essential that this committee have significant municipal involvement in order to ensure that the performance measures adopted are practical, measurable and understandable, and that such measures become a useful tool for local government practitioners. Such an approach should foster greater interest and ownership among municipal officials.

Recommendation: 81

It is recommended that a committee consisting of representatives from the four municipal associations (Association of Municipal Administrators of New Brunswick, Association francophone des municipalités du Nouveau-Brunswick, Cities of New Brunswick Association, Union of Municipalities of New Brunswick) and the Department of Local Government be established and mandated to develop municipal performance measures and related objectives. This committee should also be mandated to develop and recommend a reporting framework that municipalities would be required to follow on an annual basis.

It is further recommended that the adoption of a New Brunswick municipal performance reporting framework coincide with the implementation of the new local governance model proposed in this report.

12.2 Openness of Local Government and Access to Information

Open and closed meetings

In 2003, the *Municipalities Act* was modified to specify those items that could be discussed in closed sessions of council (that is, meetings not open to the public). This change came about as a result of concerns expressed over the years regarding council decisions being made without full and open debate. While these provisions have resulted in changes in how decisions are made, difficulties persist in terms of the processes associated with the closure of meetings for reasons of confidentiality. Questions often arise as to whether an issue is in fact confidential and whether the provisions of the *Municipalities Act* will permit a municipal council to have a closed meeting to address the matter. Furthermore, some municipalities have questioned how they can ratify a recommendation that comes from a closed session of council about a confidential matter (e.g., a personnel issue) in an open and public meeting. (Note that the *Municipalities Act* specifies that all decisions must be made in open council meetings and that no decisions can be made in closed sessions, other than those related to procedural matters, directions to an officer of the municipality, and directions to a solicitor for the municipality).

It is evident that more information is needed to give municipalities clearer and more practical guidance around protocols for closed meetings and more precision in terms of what the categories of confidential matters listed in the *Municipalities Act* may include. It should be noted that several municipalities have adopted processes that appear to be working quite well. These "*best practices*" could be used in the development of guidelines for the closure of meetings and handling confidential information. Such guidelines would not only be helpful to municipal officials who are trying to respect the legal requirements of the *Municipalities Act*, but should also give the general public a better appreciation of why some meetings must be closed and what the obligations of their municipal governments are in such situations.

As an added measure of ensuring openness, we would propose that staff recommendations made to municipal councils pertaining to municipal operations be made public. Such a requirement would give the public greater understanding of the options and ideas being considered. It would also encourage more open discussion and debate among council members.

Recommendation: 82

It is recommended that the Department of Local Government establish, in consultation with the four municipal associations, a process through which recommendations formulated in closed sessions of council or committees of council can be ratified by a council at an open meeting.

Recommendation: 83

It is recommended that provisions be made, in legislation or by way of regulation, requiring that recommendations made by staff to municipal councils on policy and operations are rendered public.

Access to information

As noted earlier, a bill was introduced in the Legislative Assembly to enact a new *Access to Information and Protection of Privacy Act* and

has gone through First Reading. Interestingly, the provisions of this new act regarding municipalities and other local government bodies largely reflect the recommendations made by the **Municipalities Act Review Panel** in its 1999 report. The only difference in the 1999 report was that the access to information provisions be contained wholly in the *Municipalities Act*. Currently, the *Municipalities Act* limits access of the public to the following items: the adopted minutes of council meetings; the audited financial statements of a municipality; and the estimates (the budget) adopted by a municipality. By-laws of the municipality must also be available to the public.

We support the proposed new *Access to Information and Protection of Privacy Act*. This emphasis on enhanced access will complement the rules currently in place governing open and closed meetings. However, we also recognize that the application of this act to municipalities will place additional responsibilities on municipal officials to provide information to the public when requested to do so. In some cases, the gathering and preparation of this information will prove to be time-consuming and expensive, depending on the nature of the request. Therefore, we are proposing that, in advance of the new legislation coming into effect, municipalities be provided with guidance in terms of how to respond to requests for information. Such guidance should include training as well as written material. The processes that municipalities use in providing information will be important not only to respond effectively to demands from the public, but also to ensure appropriate confidentiality when it is needed.

Recommendation: 84

It is recommended that the provincial government, through the Departments of Supply and Services and Local Government, provide municipal officials with the necessary training and documentation regarding the handling of requests for information under the proposed new *Access to Information and Protection of Privacy Act*.

Rules for municipal election campaign contributions

In the May 2008 municipal elections, the issue of campaign financing for candidates running in some of the larger municipalities was raised in the media. Given that this report is recommending that larger municipal units be created, it is expected that individuals vying for municipal office will be required to run more comprehensive and coordinated campaigns in a bid to get elected. They will likely need to count on external sources of financing to a much larger extent than in the past. Municipalities will also be transacting with third parties in much larger volumes for certain goods and services, thus making municipal officials subject to more intense pressures and lobbying in conducting municipal business.

As a result, the financing of municipal campaigns and donations from individuals and organizations will become more of an issue. As an added measure of ensuring openness and transparency, consideration should be given by the provincial government to establishing some guidelines regarding the financing of municipal election campaigns. As a first step, rules regarding disclosure of contributions and a corresponding reporting mechanism should be developed.

Recommendation: 85

It is recommended that the provincial government, through Elections New Brunswick and the Department of Local Government, establish guidelines regarding the disclosure of municipal campaign contributions prior to the next municipal election and develop a corresponding reporting mechanism.

12.3 Potential Adjustments to the Property Taxation and Assessment System

Property tax bill

In recent years, property taxation has been receiving increased attention, which is clearly related to the fact that the amount of property taxes being paid by property owners has increased steadily. This attention, while not necessarily undeserved, is also driven by the high visibility of the property tax in comparison to income tax or sales tax. Income tax is deducted at the source of an individual's revenue and, therefore, presents little opportunity for debate. Sales taxes, on the other hand, are simply built into the price of the commodity as it is being purchased. Property owners in New Brunswick, however, receive, at once, an annual property tax bill that must be paid to the provincial government. Although we as individuals pay far more income and sales tax than in property tax, the latter seems to garner a disproportionate share of the attention. We presume that if we were to receive a bill at the end of the year for all sales taxes owed, rather than paying as we purchase, it is likely that attention would shift from property to sales taxes!

The receipt of a property tax bill does provide for a degree of accountability in that a specific amount to be paid is clearly identified. In New Brunswick, however, this accountability gets diluted to an extent by virtue of the provincial involvement in the property assessment and tax collection system. There are several points to explore here.

First, there appears to be some confusion when it comes to understanding to which level of government property taxes are actually paid. A survey conducted by **Corporate Research Associates** for Service New Brunswick in 2007 seems to validate this point. In posing the question *"To the best of your knowledge, do you pay property taxes to your municipality, the Province or both?"* 18 per cent of the respondents stated the municipality, 48 per cent of the respondents stated both, while 32 per cent indicated the Province only. While it is difficult to determine exactly why there is this confusion, there are a few possible explanations.

One explanation may be that the property tax bill (which includes the assessed value of the property) is sent out by the provincial government and the payment is to be made to the provincial government (and more specifically to the Minister of Finance). The provincial government then remits to municipalities the amount owing for municipal taxes. A second reason for this apparent confusion is that the tax bill itself is not clearly presented. Perhaps there are changes that could be made to more clearly tell property owners which portion of his/her tax bill goes to which level, municipal or provincial, of government. A third reason may be that property taxes are levied by both the provincial government and municipalities. The fact that some properties are subject to provincial property taxes in addition to local property tax rates (non-owner-occupied residential properties are subject to a levy of $1.50 per $100 of assessment and non-residential properties are subject to a levy of $2.25 per $100 of assessment), may be contributing to this confusion. And finally, the fact that the provincial government, through Service New Brunswick, is responsible for the assessment of properties may be giving people the impression that it is the Province that is ultimately dictating the amount of property taxes to be paid. In fact, we have seen in recent years some municipal officials indicate that they have kept their property tax rates the same, but the Province has increased the assessed values of properties and this is the reason for increases in property taxes. Such positions inappropriately deflect accountability for property tax levels.

In reality, what has been happening is a form of "tax creep" where property tax rates may not necessarily be changing, but, because assessed property values are rising, property tax levels are automatically increasing. Ultimately, it must be recognized that there are two components affecting property tax levels: assessed property values and the property tax rate. Generally, assessed property values change annually and such changes are made in accordance with well established methodologies. Property tax rates, on the other hand, are within the full control of municipal councils and can be adjusted annually through decisions of these councils. Should assessed property values see a sharp rise in one year in a municipality, councils may actually be able to meet their expenditure obligations with lower tax rates. Most municipalities have clearly benefited from increased property values in that they have not had to raise their rates significantly to reflect increased service costs. (The provincial government has also benefited significantly from the increases in property values, given that it also occupies the property tax field). This situation has blurred accountability in terms of who is ultimately responsible for property tax levels.

Over time, the failure of the provincial government to systematically and openly account for the full degree of subsidy it provides for municipal-type services in the LSDs has also hampered both transparency and accountability. The release, accompanying the submission of this report, of the updated Office of the Comptroller's **Review of Provincially Provided Local Services in Local Service Districts** (May 2008) will help address the issue. So will other proposals contained in this report, namely the ones regarding the *"municipalization"* of all of the New Brunswick territory and the property tax room transfer.

Considering this situation, there are some potential steps that could be taken by the provincial government to establish greater accountability and enhance our general understanding of the property assessment and tax system:

- Provide property owners with two separate documents at separate times. The first document would be the *"Notice of Assessment,"* which would provide the property owner with the assessed value of their property along with the necessary information should they wish to appeal their assessment. The second document to be sent to the property owner, perhaps one to two months later, would be the actual property tax bill. The separation of these two documents, while more

costly in terms of the mail-out and printing, should at least help to make the distinction in terms of who is responsible for property assessment values and for establishing property tax rates;

- The presentation and wording of the property tax bill should be carefully reviewed in order to give a clearer picture as to which level of government is receiving what portion of the property tax payment. The aim would be to clearly distinguish, where appropriate, the municipal and provincial shares of property taxes;
- The development of a website in collaboration with the municipal associations would aim to help the general public to understand property assessments and the tax collection function; and
- Require municipalities to publish the details of their budget (online, in newspapers or both) specifying percentages of the budget to be allocated to various services.

Recommendation: 86

It is recommended that the provincial government, through the Departments of Finance and Local Government and Service New Brunswick, examine the potential of undertaking the following actions:

- **Separate the Notice of Assessment and Property Taxes from the actual property tax bill;**
- **Review and clarify wording and presentation of the property tax bill to ensure clarity between the provincial and municipal share of the tax charges; and**
- **Require municipalities to publish the details of their budget (online, in newspapers, or both) specifying, among other items, shares of the budget to be allocated to various services. Municipal associations should be requested to develop a common format for that purpose.**

Recommendations contained in Chapter 10 propose that the provincial government vacate entirely the residential non-owner-occupied property tax field and a portion of the non-residential property tax field. Municipalities would then take up all or some of this vacated tax room. In addition to the suggestions identified above, this redirection of tax room should help not only to reduce confusion over who is taxing for what, but also help in fostering greater accountability. It would reinforce the notion that the level of government that spends must be the one that taxes.

If the provincial government accepts the recommendations regarding a shift in tax room from the provincial government to municipalities, it may also be appropriate to consider where responsibility for the property assessment function resides. Given that municipalities would have the clearly dominant stake in the property tax field, it begs the question as to whether the municipal sector should have greater ownership of the property assessment function. In Nova Scotia, for example, the assessment function was recently turned over to a municipally controlled not-for-profit corporation. While we do not advocate such a change in the short term, it is one that should be considered in light of the governance and taxation changes that we expect could unfold in the next three to five years. The important point to consider here is that such an approach would place greater onus and responsibility on the level of government that benefits in the most significant way from the assessment service.

In moving in such a direction, however, prudence would need to be exercised to ensure the integrity of the present province-wide, standardized property assessment system. It is important that we not return to the pre-Byrne Commission era where each municipality conducted property assessments based on their own rules.

Recommendation: 87

Should a decision be made to act on the recommendations advocating a shift in property tax room away from the provincial government to municipalities, it is recommended that the provincial government examine the potential transfer of the assessment function to a municipally-controlled not-for-profit corporation.

Property assessment appeals

In February 2008, the New Brunswick Ombudsman released a report entitled **Residential Property Assessment Appeal Process in New Brunswick: Levelling the Playing Field**. This report contained a series of recommendations aimed at improving fairness in the property assessment appeal process. In reflecting on the need to improve transparency and accountability in local government in general terms, there are three recommendations from the Ombudsman's report that we believe should be re-emphasized in this report.

The first of these recommendations suggested that sale price information for properties be made more readily available during the assessment appeal and referral process. Given that sales information is the key component in establishing assessed values of properties, property owners who are appealing an assessment decision need this information in order to be able to respond to the position taken by the Assessment Services group at Service New Brunswick (SNB). We would support the position taken by the Ombudsman in his report and suggest that the provincial government go one step further by making sale price information even more widely available. New Brunswick and Nova Scotia are the last two provinces in Canada where sale price information remains confidential. Such disclosure of sale price information would be helpful to property owners who are concerned about the assessed values of their properties and would assist them in making more informed decisions as to whether or not their assessments should be appealed. This enhanced transparency should also be beneficial for potential sellers and buyers who are trying to make informed decisions about acceptable real estate prices. In a report prepared for Service New Brunswick by the International Property Tax Institute in 2001, it was recommended that "*SNB seek legislative change to allow for sale prices to be made public to enable the parties to make informed decisions on this most important transaction*" (2001, p.8). This report further stated that "*...without this knowledge the accuracy of the market is reduced and the ability of the assessor to create accurate assessments is impaired*" (2001, p.8).

The report from the Office of the Ombudsman also recommended that the Assessment Services group "*...be required to provide the residential property owner with all the information they intend to submit at the Appeal Board hearing within fifteen (15) days from the time the hearing has been scheduled by the Board*" (p.5). Again, in the interest of ensuring transparency and a fairer process, we support this recommendation as it would give the individual who is appealing his or her assessment more of an opportunity to make their case and consider the supporting information being used by the Assessment Services group. Effectively, it would provide more balance between the appellant and Assessment Services in the appeal process.

The third recommendation from the Ombudsman's report that we believe would enhance transparency of the property assessment appeal process proposes that the Appeal Board's decisions relating to residential property assessment be published annually and made publicly accessible to property owners. Such a requirement will give residential property owners a better sense of the reasons for which property assessment appeals are made. It will serve as another piece of information that property owners can use in determining whether they should pursue an appeal and what arguments they might put forward.

12.4 Potential for a "*Municipal Affairs Commission*"

In Chapter 7, the notion of a "*municipal affairs commission*" was presented as a third-party mechanism through which municipal boundary adjustments could be confirmed. In our view, if such a commission were to be established, it should have a mandate that extends beyond the confirmation of boundaries. Such multi-function bodies exist in other jurisdictions and seem to work well.

A municipal affairs commission could also serve as the binding arbitrator in all future restructuring initiatives. For example, should a municipality wish to annex a portion of another municipality in future years, the municipal affairs commission would hear proposals from the various parties involved and would make a ruling on the course of action to be followed. Similarly, third-party opinion in matters regarding regional service delivery may also be warranted. As regional service districts (RSDs) are established and take on a variety of functions, there may be cases where service sharing agreements simply cannot be reached and some form of third-party arbitration is needed. Having the municipal affairs commission involved in such decisions would help remove some of the unhealthy politics that inevitably affect outcomes under the present process.

The *Municipalities Act* contains provisions relating to conflict of interest and the actions municipal officials must take should they find themselves with a conflict of interest. One of the difficulties with the current legislation is that the onus is on the individual to assess whether or not he or she has a conflict of interest. As a result, the Department of Local Government receives many requests (from individuals who think they may have a conflict of interest or from individuals who think another council member or a staff member has a conflict of interest) to make determinations on whether a conflict of interest exists. Yet the Minister of Local Government does not have the authority to make a determination as to whether a conflict of interest exists, nor to force an individual to take appropriate action where such a conflict is apparent. Individuals have no recourse, other than seeking their own legal advice, when it comes to matters involving conflict of interest. This has proven to be a source of frustration,

both for individuals wanting to know whether they have a conflict of interest and for individuals who are concerned that there may be conflicts of interest that are not being disclosed. It is our view that, in these matters, the involvement of a third party (i.e., the municipal affairs commission) would be beneficial. In such cases, the commission could advise individuals of their status should they be concerned about potential conflicts of interest. Conversely, the commission could also investigate and make recommendations, should it receive a complaint alleging involvement in making decisions where a conflict of interest was not disclosed.

Should the idea of a municipal affairs commission be supported by the provincial government, consideration should also be given to including the assessment and planning appeal function under this umbrella. This is suggested in the context of gaining some efficiencies and not creating yet another separate organization.

Recommendation: 88

It is recommended that the provincial government consider the establishment of a "*municipal affairs commission*" that would have as its primary responsibilities the confirmation of municipal boundaries (as proposed in this report), review and arbitration in future restructuring initiatives, arbitration in regional service delivery agreements (if required), and in providing determinations with respect to matters of conflict of interest.

In Summary

This chapter contains a series of seemingly unconnected suggestions regarding matters of transparency and accountability in the local government system. We are of the opinion, however, that taken together, these suggestions will improve overall accountability and transparency in municipal government and will, over time, add to the public's confidence in New Brunswick's public sector. The development and introduction of municipal performance measures, the strengthening of provisions relating to access to information, the improvement of practices with respect to open and closed meetings of council, the disclosure of electoral financial contributions, adjusting various aspects of the property tax collection and assessment system and the establishment of a municipal affairs commission are all aimed at making the local government system more responsive and accountable to the public.

Outline

Chapter 13
Modernizing Local Government Legislation

13.1 Key Requirements for Modern Legislation 172
- **Movement toward more permissive legislation 172**
- **Updated statutory language and clarifying intent 173**
- **Improved organization of the Act 173**
- **Consolidation of relevant legislation 173**
- **Addressing various technical legal matters 173**
- **Reduction of unnecessary provincial regulations 174**

13.2 Legislative and Regulatory Changes Resulting from the Proposed Restructuring 174
- **Changes relating to the local government structure 174**
- **Changes relating to the creation of regional service districts 175**
- **Changes relating to regional and local planning 175**
- **Changes related to the fiscal regime 175**

In Summary 176

Chapter 13
Modernizing Local Government Legislation

For the last ten years, there have been calls from the municipal sector for new and modernized legislation for local government in the province. As was noted earlier in this report, a variety of legislative changes have been made over the years but the central statute governing municipalities, rural communities and local service districts (LSDs) – the *Municipalities Act* – has not been fundamentally overhauled. It remains much as it was when enacted in 1966. If anything, the wide variety of changes over the years has rendered the Act more difficult to follow and understand for both local and provincial government officials as well as the general public.

Although changes to the *Municipalities Act* and associated regulations have been made to accommodate specific issues over the years, it is evident that the legislation has really not kept pace with the evolution of local government in this province, particularly in the case of our cities and towns. This report advocates a completely new legal framework for local government that will not only accommodate the structural and fiscal changes recommended in this report, but that will also more closely align New Brunswick with other Canadian jurisdictions in terms of legislation. If New Brunswick's local governments are to be part of the self-sufficiency agenda, they should have the appropriate legislative and regulatory tools at their disposal to actively guide and manage the development of their communities. They must be able to respond to emerging issues in a timely manner, without always having to request specific legislative changes to enable them to undertake something new and/or innovative. Such legislative changes often take months, if not years, to be enacted. This chapter has two objectives: 1) to outline the key changes required to modernize the current legislative framework for local government; and 2) to identify, in general terms, those legislative and regulatory changes, that will be required to enable the structural and financial proposals recommended in this report.

13.1 Key Requirements for Modern Legislation

As noted in Chapter 4, a major review and consultation process was undertaken over a period of six years (1997–2003) to identify changes required to the legislation governing municipalities and LSDs. The initial legislative review, which involved a rigorous and independent consultation process, put forward 234 recommendations pertaining to municipal operations developed by a provincial-municipal committee and 33 recommendations pertaining to LSDs developed by the then Department of Municipalities, Culture and Housing. It was followed by the tabling of **Opportunities for Improving Local Governance in New Brunswick – Report of the Municipalities Act Review Panel** in September 1999. This report largely confirmed the original recommendations, particularly those relating to municipal operations, and called for a completely new and revised Act for local government.

Four years later, a bill was introduced in the Legislative Assembly that fell far short of the original recommendations, the **Review Panel's** conclusions and of the overall expectations of the municipal sector. The 65 changes made in 2003 were largely administrative in nature and were simply amendments to the existing legislation. At the time that the bill was introduced, former minister Kim Jardine indicated that these changes would constitute a first phase in the revision of local government legislation.

Since 2003, more specific amendments have been made to the Act, most notably the amendments to allow for the establishment of enhanced rural communities, improved enforcement provisions relating to substandard housing, and most recently, provisions to enable all municipalities to be generators of electricity. While these recent amendments have addressed specific policy issues, they have added substantially to the overall complexity and awkwardness of the legislation.

Before identifying some of the specific changes that should be addressed in the development of a new legislative framework for local government, we wish to underline that the vast majority of the recommendations of the 1999 **Report of the Municipalities Act Review Panel** that were not implemented are still valid and should be considered in a revision of the legislation. Of particular note are those recommendations calling for a fundamental reorganization of the Act and for a movement toward more permissive legislation.

The following provides a summary of key themes a review and revision of the legislation should encompass. It also provides the rationale for modernized and responsive legislation.

Movement toward more permissive legislation

The movement to modernize local government legislation in jurisdictions across Canada began in the early 1990s. Alberta was first off the mark with the introduction of its *Municipal Government Act* in 1994. This Act ushered in a new direction in the granting of municipal powers by provincial governments. Rather than being prescriptive and identifying every specific activity a local government could undertake, a *"spheres of jurisdiction"* approach was introduced whereby powers of a general nature were granted. The main premise behind such an approach would be to give local governments greater flexibility to respond to matters of local concern and in some respects, to give them more independence. Several provinces and territories have followed in Alberta's footsteps and have moved toward more permissive legislation over the past 10 years.

One of the arguments against moving toward such flexible legislation is that it may become difficult for municipalities to determine what they can actually do and / or that they would undertake certain activities for which they have no legislative authority. On the surface, it does not appear that this has been a major issue. For the vast majority of local governments now operating in other provinces under the new *"spheres of jurisdiction"* regime, there does not appear to have been a marked change in the range of services or regulatory activities. It should also be noted that in some relatively recent legal cases regarding municipal powers, the courts have upheld the general authority that has been provided to local governments [*114957 Canada Ltée (Spraytech, Société d'arrosage)* v. *Hudson (Town)*, [2001] 2 S.C.R. 241, *United Taxi Drivers' Fellowship of Southern Alberta* v. *Calgary (City)*, [2004] 1 S.C.R. 485.] through this more modern legislation.

By way of example, the Province of Manitoba has as one of its *"spheres of jurisdiction"* the authority to enact by-laws relating to *"...wild and domestic animals and activities in relation to them, including by-laws differentiating on the basis of sex, breed, size or weight."* In New Brunswick, an extensive series of provisions was enacted to allow for the regulation of animals. Similarly, a whole series of amendments were required in New Brunswick to enable the use of new *"pay and display machines"* as part of the regulation of parking on municipal streets.

There are several sources of information that could be drawn upon to identify the "*spheres of jurisdiction*" appropriate to the New Brunswick context. We suggest that the spheres identified in the 1999 study **Opportunities for Improving Local Governance in New Brunswick – Report of the Municipalities Act Review Panel**, serve as a starting point. The Province of Manitoba's *Municipal Act* and the Province of Alberta's *Municipal Government Act* could also provide useful guidance in identifying the appropriate general spheres of jurisdiction.

In a context where we are trying to strengthen local governments and encourage self-sufficiency, the introduction of legislation that would give greater flexibility to deal with local issues is, in our opinion, the appropriate direction. With over 10 years of experience in other jurisdictions with this more permissive style of legislation, New Brunswick is in a good position to assess the effectiveness of this approach and incorporate the "*spheres*" appropriate for local government in this province. Furthermore, this approach to legislation is proactive in the sense that it minimizes the need to continually amend legislation in order to give municipalities specific authority to deal with a particular local circumstance, emerging issue, or both.

Recommendation: 89

It is recommended that, in the revision of local governance legislation, a "*spheres of jurisdiction*" approach be used in outlining the by-law making powers that municipalities would have.

Updated statutory language and clarifying intent

There is a need to review all of the provisions of the *Municipalities Act* as well as related provincial statutes. Because many of the provisions were written so many years ago, their meaning and intent have become ambiguous with the passage of time. Some provisions are not written in a way that is easily understood and as such need to be redrafted to convey the intended meaning more effectively. Other provisions are simply no longer required and should be removed from the legislation. For example, there is a section in the *Municipalities Act* dealing with the enactment of enemy-action by-laws that is clearly outdated.

Recommendation: 90

It is recommended that, in the revision of local governance legislation, all provisions be examined with a view to clarify their meaning and to ensure that they continue to have relevance for municipalities.

Improved organization of the Act

The many amendments that have been made to the *Municipalities Act* over time have rendered this legislation somewhat cumbersome and complex from an organizational point of view. The development of a new legislative framework would provide an opportunity to revamp the organization of the Act, including a revised heading and numbering system.

Consolidation of relevant legislation

As noted in Chapter 11, we are recommending that substantial consolidation of the legislation affecting local government operations occur. Specifically, it is being recommended that this consolidation occur under the auspices of two new provincial statutes – one dealing with the structure and administration of local governments and the other with budgeting and finances (Recommendations 78 and 79). Such consolidation would provide for more accessible and integrated legislation. It would help municipal officials in their efforts to ensure they remain up to date with important legislative and regulatory requirements. It will also provide an opportunity to clarify connections between legislative provisions contained in different acts. For example, the *Community Planning Act* references the *Municipalities Act* when it comes to the by-law enactment process, yet questions continue to arise about the specifics of enacting zoning and municipal plan by-laws. Consolidation should also have the effect of enhancing coordination and integration at the provincial level in terms of the relationship and linkages with the local government sector. With the movement toward regional strategic planning by municipalities as advocated in this report, the need to integrate the two pieces of legislation becomes even more evident.

Addressing various technical legal matters

There are several areas in local government administration that require substantial legal expertise. Examples include by-law enactment and enforcement (fining and ticketing processes through to court proceedings), conflict of interest, and enforcement of the provisions of the Act generally. A review of the legislation would provide an opportunity to examine such matters in more depth with the aim of simplifying procedures, providing more guidance in terms of the

procedures themselves, and / or rewording the legislation to make it more clearly understood.

Reduction of unnecessary provincial regulations

In the *Municipalities Act*, as well as in various other provincial statutes, there remain a variety of provincial review and approval requirements for various by-laws. For example, if a municipality adopts a by-law regarding maintenance and occupancy standards, the legislation specifies that "...[w]*here a council makes a by-law respecting standards for maintenance and occupancy of buildings and premises, any provision of the by-law that conflicts with a provision of the code approved by the Lieutenant-Governor in Council under paragraph 93(a) or that is not contained in the code has no affect unless approved by the Minister.*" This implies that the Department of Local Government must review the by-law to ensure it is appropriate. In the case of dangerous and unsightly premises by-laws, the further step of removing provincial authority by the Lieutenant-Governor in Council is required. The added value of these reviews and requiring the necessity of regulatory amendments is questionable at best. If the stated objective is to promote self-sufficient local government, it seems that such reviews run counter to this objective. While there may be instances where some provincial review and/or approval is clearly warranted, these should be limited as much as possible. In a way, this provincial regulatory role takes away the responsibility from municipalities and does not foster local capacity.

Recommendation: 91

It is recommended that all required provincial reviews and approvals relating to municipal by-laws be examined for their continued relevance and necessity. It is further recommended that where appropriate, such review and approval requirements be removed from the legislation.

These themes are some of the critical areas that stood out for us as we examined the current legal environment. It must be emphasized that this is not an exhaustive listing but rather a description of some of the key areas that require attention. The recommendations contained in Chapter 12, which focus on matters relating to improving transparency, openness and accountability, should also be considered in the context of a general legislative review.

We believe that the above-mentioned points provide a compelling rationale to move forward with a complete revision of the legislative framework. If addressed, they would, in and of themselves, represent a significant improvement in the legislation that guides local government activities. The legislation would also become a more effective and useful tool to municipal officials as they seek clarity in carrying out their responsibilities. For the general public, it would be helpful to outline and clarify the legal framework within which local governments must operate.

13.2 Legislative and Regulatory Changes Resulting from the Proposed Restructuring

The implementation of the recommendations contained in this report will require a number of substantial legislative and regulatory amendments to a significant number of statutes and regulations, and further consequential amendments to a broader array of legislation. The following reviews, in general terms, the nature of changes that we anticipate will be required in order to move forward with the recommendations made in this report.

Changes relating to the local government structure

Chapters 6 and 7 focus on changes relating to the structure of local government in New Brunswick. Significant amendments will be required to bring about the changes contemplated in this area. These are as follows:

- Changes in the processes to establish the new and reconfigured municipalities. There are currently various legislated and regulatory requirements regarding local support for making structural (e.g., creation, amalgamation, annexation, dissolution) changes. These rules will have to be reconsidered in order to move forward with the creation of the new and reconfigured municipal entities;
- Legislation and regulations regarding LSDs and rural communities will have to be repealed, and provisions for reconstituting these entities will have to be created;
- Transitional provisions (e.g., legislative and regulatory) will be required to deal with a variety of matters including:
  - Conducting elections or by-elections to elect new council members in order to establish representation for the new or reconfigured municipalities;
  - The effect of land use plans currently in place and other municipal by-laws or regulations

- Various service-related matters that will arise as the new and reconfigured municipal entities are established;
- Human resources-related matters such as the handling of employment agreements, municipal pension plans, collective agreements, and various contractual arrangements; and
- Various financial matters including debt servicing and consolidation.

- New regulations outlining the boundaries of each of the new and reconfigured municipalities will also be required. We would advise that, if possible, maps be used in the regulations to define the boundaries, rather than the traditional written legal descriptions. Modern mapping technologies have the potential to significantly simplify the identification of municipal entity boundaries; and
- Special acts or charters that gave birth to some of the existing municipalities should be examined to resolve any potential conflict between the proposed changes and the provisions contained in these pieces of legislation.

Changes relating to the creation of regional service districts

Chapter 8 focuses on the creation of the regional service districts (RSDs) to facilitate the provision and / or coordination of services on a regional basis. The creation of twelve such districts to cover the entire province will necessitate a variety of legislative and regulatory amendments. We expect that such changes would include, among others, the following:

- The establishment in legislation of the new RSD structure, along with regulations that would define the boundaries and address various operational matters (e.g., board composition, the powers of the board of directors, decision-making and voting rules);
- Defining the relationship that is to exist between the RSD and the municipalities. More specifically, the legislation needs to specify that RSDs, while responsible for the provision and/or facilitation of services on a regional basis, are serving participating municipalities and acting on their behalf. This is important in establishing accountability, which will rest with the boards of the RSDs that will represent the participating municipalities;
- The legislation would also have to specify the requirements for municipal participation (mandatory versus optional services) and the obligations for financial support;
- It will be necessary to identify those services to be initially designated as *"supra-municipal"* that will fall under the responsibility of the RSDs (i.e., planning, economic development, solid waste management, policing and emergency measures management);
- There will be required amendments to the *Community Planning Act, Clean Environment Act, Municipalities Act, Police Act* and the *Emergency Measures Act* and corresponding regulations in recognition of the role to be played by the RSDs. In the case of the *Community Planning Act* and regulations, as well as regulations under other acts, it will be necessary to establish authority for the legislation under the Minister of Local Government;
- Transitional provisions will be required to deal with the consolidation of functions under the RSDs including funding, the delineation of current commission and agency membership in an advisory function, and the movement of staff to the RSDs from the existing sector-specific regional agencies; and
- Provincial authority in relation to the RSDs, including any reporting requirements will need to be outlined in the *Municipalities Act* and *Control of Municipalities Act.*

Changes relating to regional and local planning

Along with providing or facilitating specified services, one of the critical tasks of the RSDs will be the development of regional strategic plans (RSPs). Before these plans can be fully developed, there will be several legislative or regulatory changes required. They would include:

- The establishment of a planning hierarchy that presents the relationship between the provincial planning policy, consisting of overall principles and the more detailed and issue-specific provincial planning statements, and the RSPs and local community plans.
- The development of clear provincial planning statements aimed at guiding regional and local planning.
- Clarification of what must be addressed in the RSP (note: the *Community Planning Act* now includes provisions regarding the concept of the *"regional plan"*).
- The approval and signoff processes for the RSP among the participating municipalities.

Changes related to the fiscal regime

Chapter 10 examines the current local government fiscal regime and identifies the changes we feel are required to enable greater local financial autonomy and substantially enhanced potential for longer-term self-sufficiency by communities. The recommendations

made in this report would, of themselves, require a broad array of amendments to provincial legislation governing community funding and financial arrangements. When taken in light of the **Discussion Paper on New Brunswick's Tax System** (2008) now under review by a Select Committee of the Legislative Assembly, the changes to New Brunswick's overall taxation regime may well require a systematic revamping of relevant legislation.

In specific relation to the recommendations in this report, the areas of legislative amendment would include:

- A repeal of existing provisions in the *Municipal Assistance Act* to abolish the current grant arrangement for municipalities, rural communities and local services districts;
- The creation of new provisions in the *Municipal Assistance Act* to reflect the conditions supporting equalization payments to newly configured municipalities, for established groupings, based on population thresholds;
- Amendments to the *New Brunswick Real Property Tax Act* to enable tax room transfer from the Province to municipalities;
- Amendments to the *New Brunswick Real Property Tax Act* to alter the rates of taxation applied to various types of properties;
- Enabling provisions in the *Municipalities Act* to authorize municipalities to establish local tax rates for each property tax class;
- Amendments to the *Municipal Capital Borrowing Act* to enable RSDs to be authorized for borrowing, and corresponding amendments to the *New Brunswick Municipal Finance Corporation Act*. Amendments would also be required to repeal provisions for borrowing by applicable single-purpose entities such as the regional solid waste commissions; and
- Amendments to the *Municipalities Act* to expand on provisions for shared services, including mechanisms for cost-sharing as well as for sharing of tax revenue among municipalities within an RSD.

In Summary

The legislative framework regulating local government in New Brunswick requires a major overhaul. However, in this matter, as in so many other areas of local governance, excellent work has already been carried out and sound proposals made. Also, other provinces offer models on which more modern local governance legislation for New Brunswick can be built. There is, therefore, no need to "*reinvent the wheel*," but rather to build on previous work and existing models in other jurisdictions, to develop legislation that is specific to, and supportive of, local governance in New Brunswick.

We recognize, given the substantive nature of change required, that an incremental legislative approach will have to be taken. It is envisioned that the first phases of legislative change would enable the establishment of new regional and community structures and a new fiscal regime. Once these provisions were in place, the work of consolidating and modernizing local governance legislation could then be undertaken to capture the new provisions in a legal framework designed to enable and foster more autonomous and self-sufficient local governments.

Part 4

The Road to Renewal

Outline

Chapter 14
Conclusions and Implementation Considerations

14.1 Managing the Change Process 180
- **Interdepartmental steering committee 180**
- **Legislative framework 180**
- **Implementation of revised fiscal model 181**
- **Confirmation of units, boundaries and related matters 181**

14.2 Balancing Provincial Direction and Assistance 183

In Summary 183

Chapter 14
Conclusions and Implementation Considerations

In studying local governance in New Brunswick it is easy to get dazzled by numbers. This report, however, is not so much about math (budgets, costs, savings and expenditures) as it is about a vision of local governance for the future. It is about building a local governance system that better reflects New Brunswick's present and projected socio-demographic and economic conditions, a system that empowers local communities and regions, that allows for greater geographical and inter-sectoral integration and that is more accountable - a system that can compete with the best in the country because it runs efficiently. The focus of this report is on the big picture, not on individual components (program, municipality, service commission or local service district).

Discussions of the report's recommendations need to be shaped, not by what can be seen in the rearview mirror, but rather by the opportunities on the horizon. At a time when globalization is turning the world into a village, our own local communities are being transformed in every respect but in how they govern themselves. While existing local governments may stand as separate entities, they have less and less control over what is happening within their own borders. Local communities, much like nation-states, are becoming more and more interdependent. In the future, the local governance system in New Brunswick will need to be made up of stronger regions that will be the result of compromises and collaboration among the various local administrations involved.

It will not be possible to achieve meaningful local governance reform if each individual player, whether resident or administrative entity, is interested only in how they can benefit immediately from the proposed changes. Only by taking the longer and larger view can everyone's situation be enhanced. From what we have read and heard, we are convinced that people want change at all levels of government, local and municipal included. They are frustrated by an ever-increasing local tax burden and by the fragmented nature of local decisions and service delivery. They value their local communities, but at the same time want modern, efficient services at an affordable price. This cannot

be accomplished with the present number of largely outdated local service and municipal administrative entities. Meaningful efficiencies and better decision-making capacities at the local level are achievable if we choose to modernize. Consolidation of local entities and sharing services are essential to bring efficiencies to local governments, as well as better quality and more affordable services to the residents.

Restructuring and reform of local governance is a complex and challenging undertaking in the best of circumstances. It is even more so in New Brunswick given our rather unique socio-economic make-up, culture and history. Previous local government studies/reports have generally gone unimplemented, despite the quality of their work and recommendations. It is always harder to change than to hold on to the status quo. But with the economic challenges New Brunswick faces, doing nothing is no longer an acceptable answer.

We know that both shared services and consolidation face many hurdles. There is no way you can have an effective local government reorganization that is neutral for every individual and every local entity. This is why the Province and local administrations need to find ways to tip the balance in favour of change by working together. This is not a choice between top-down or bottom-up reforms. It is a matter of joint actions between the provincial government and local administrations.

The Province, through this report, will provide the broad framework to guide the reforms and adopt specific measures to address barriers that will be encountered. Local leaders, on the other hand, will play a key role in putting in place the proposed new structures, both at the local and regional levels. A firm and sustained provincial government commitment is needed to set the stage for reform, to facilitate local efforts and to ensure that departments and agencies understand the impact their programs have on local governments.

14.1 Managing the Change Process

The recommendations for change contained in this report are comprehensive and far reaching. They are also interrelated, i.e., they form an integrated whole, and their implementation should be approached as such. At the same time, they are complex and will involve many resources: they cannot be acted upon at once. Their implementation needs to be carefully planned and properly sequenced.

Interdepartmental steering committee

There are a number of reforms at the provincial level (contained in Chapter 11 of this report) that we believe would both facilitate the implementation of our recommendations and would be desirable in any case. They need to be addressed first as they will influence the ability of the provincial government to make other changes dealing with local governance. We refer more specifically to the recommendations regarding the consolidation of local governance-related functions and responsibilities within the provincial government. Upon receiving this report, the provincial government should establish an interdepartmental committee of deputy ministers headed by the Deputy Minister of the Department of Local Government. This committee would steer and oversee the entire local governance reform process, starting with changes to be made centrally including necessary legislative amendments.

Recommendation: 92

It is recommended that upon receiving this report, the provincial government establish an interdepartmental steering committee of deputy ministers, chaired by the Deputy Minister of the Department of Local Government, to oversee the implementation of government decisions pertaining to the recommendations contained in this report.

Legislative framework

As indicated in Chapter 13 of this report, a significant number of the proposed changes will require amendments to existing acts or the introduction of new legislation. Legislative amendments should be prioritized as they are not all of the same importance or urgency. The new local governance architecture rests on two pillars: a smaller number of larger, more viable, local governments (new or reconfigured) and the creation of the regional service districts as a common structure for the sharing of legislatively mandated services between municipal entities. Those elements need to be solidly anchored in policy and legislation in order for the rest of the changes, including the proposed taxation and financing model, to proceed in an orderly fashion.

Recommendation: 93

It is recommended that priority be given to the adoption of legislation that will provide the provincial government with the authority to establish, through regulation, the proposed new

and reconfigured municipalities as well as the proposed regional service districts.

Implementation of revised fiscal model

The proposed new fiscal model (both property tax changes and equalization grant) outlined and recommended in Chapter 10 of this report is designed to apply to a restructured local governance landscape. It will be effective and yield benefits only if applied to a smaller number of larger municipal entities and to a sharing of services environment. We caution against any attempt to apply our proposal to the present, outdated local governance structure, with its hundreds of administrative and service units. For example, transferring tax room to most of the present local governments would not make them significantly more financially viable and autonomous. Furthermore, it would create greater disparities between them and likely demand larger unconditional grants.

We therefore advise that the implementation of the report's recommendations dealing with the financing of local government follow, not precede, the institution of the new or reconfigured municipalities and the creation of the regional service district structure. Several of the financing-related recommendations will need to be phased in over a multi-year period and transition mechanisms will be required.

Recommendation: 94

It is recommended that the current funding transfer from the Province to municipalities and local service districts be continued until such a time as the proposed municipalities and regional service districts are established and functional.

Confirmation of units, boundaries and related matters

In Chapter 7 we have outlined the factors that were taken into consideration in drawing the boundaries of the new or reconfigured proposed 53 municipal entities. Chapter 8 provides the rationale for the boundaries of the proposed 12 regional service districts (RSDs). We are confident that both sets of proposed boundaries are well-grounded in New Brunswick's current socio-demographic and economic realities. They are based largely on objective and measurable criteria. However, the drawing of boundaries for local administrations is never an easy exercise. We recognize that it is not a precise science. We are, therefore, proposing that the legislation establishing the proposed 53 municipalities provide a mechanism whereby local communities and individuals have a say in boundary review and confirmation. More specifically, we advise that, as part of the implementation process, provisional committees be established for each of the 53 municipal entities. These provisional committees would be composed of representatives of the existing municipalities, rural communities and local service districts (LSDs) in each of the proposed units. Technical and advisory support would be provided by provincial government agencies as needed.

This mechanism would involve consulting the public and, in many instances, having discussions with provisional committees in neighbouring areas, as any changes in one unit will affect the boundaries of the neighbouring entities. It should be well understood, however, that the mandate doesn't include a review of the number and responsibilities of the proposed municipal units. It would deal exclusively with possible boundary adjustments. Ultimately, these provisional committees would make their findings known to the proposed municipal affairs commission (see our Recommendation 88 in Chapter 12 on the creation of this body), which would render a final decision.

The same provisional committees could also contribute to the resolution of a number of other issues resulting from changes proposed in this report that are left to be decided at the municipal level. These issues are detailed in Chapter 7 of this report and they include determining the size of a municipal council, deciding on the name of the municipality where a new entity is to be created, developing and adopting an electoral map for the municipality, and adopting names for the various wards and neighbourhoods to reflect appropriately the make-up of the new or reconfigured entity.

This last point is particularly relevant as the design of the new local governance framework should support the preservation of local identities. In previous municipal restructuring initiatives in New Brunswick, community names were simply removed. We believe this is unnecessary. On the contrary, concrete measures should be implemented to preserve community identities. For example, wards should, as much as possible, take the name of local communities and signage within the municipality should continue to reflect the existence of local communities, whether or not these communities were incorporated before. In this respect, New Brunswick could emulate Nova Scotia where measures were taken to that effect at the

time of the creation of both the Halifax and the Cape Breton Regional municipalities. Much larger municipal entities in Quebec and Ontario have successfully adopted similar initiatives. The preservation of community identity doesn't necessarily require the existence of a corresponding municipal council. Here in New Brunswick, dozens of local communities have kept their name and identity within LSDs for over 40 years now without municipal councils. There is no reason why more communities could not do so in the future.

Recommendation: 95

It is recommended that, as part of the transition process to the new governance system, a provisional committee be established for each of the proposed 53 new or reconfigured municipal units; each provisional committee will consist of representatives of existing municipalities and local service districts forming the proposed municipal unit; and each provisional committee be charged with boundary review and confirmation for their respective proposed municipal unit.

A similar but separate set of provisional committees should also be established for each of the proposed regional service districts (RSDs). These committees would constitute the transitional boards of directors for the RSDs. It is envisioned these committees would have equal representation from each of the proposed new or reconfigured municipal entities participating in the RSD. Such committees could deal with boundary adjustment issues for the RSDs, although their main task would be organizational in nature, e.g., hiring an interim chief administrative officer (CAO) for the RSD, designing the composition and rules for the permanent board of directors of the RSD, developing a committee system of the board, devising a voting system that would reflect the composition (in terms of participating municipal units) of the district and beginning the process of delivering services on a regional basis. RSD provisional committees would be dissolved and replaced by a permanent board of directors once the 53 proposed municipal units are established and operational. As with the municipal level provisional committees, technical and advisory support would be provided by provincial government agencies as needed.

Recommendation: 96

It is recommended that provisional committees be established for each of the 12 regional service districts. In addition, the provisional regional service district committees should have equal representation from each of the proposed new or reconfigured municipal entities participating in the regional service district; they should also constitute the transition boards for the regional service districts until such a time as the proposed new and reconfigured municipal units are established and operational.

Public sector structural and management changes, even of a limited scale, face many constraints. This was amply demonstrated over the last couple of years through the establishment of "*rural communities.*" They proved to be human resource intensive and required a lot of time. Changes of the scope and depth advocated in this report need not only to be tightly planned and managed, but also adequately resourced. The ability to implement such changes with success is largely dependent on the availability of adequate resources: financial, human, and technical. We, therefore, urge the provincial government to pay particular attention to this aspect of the implementation process. In addition to ensuring that the Department of Local Government has the necessary resources (personnel and financial) to facilitate and effect the necessary changes, multi-year targeted funding to facilitate the establishment of the new regional service districts should be set aside. These are investments that will more than pay for themselves over time.

Organizational changes of the magnitude proposed in this report have the potential to impact a large number of employees at the local government level throughout the Province. They will affect the employment status of many of the very same employees who will be needed in order to successfully implement the proposed changes. Conditions of employment, job security and career paths will be affected. The inevitable period of uncertainty that will accompany these changes could incite some of the present local government employees to seek employment elsewhere. This risk is that much greater given that Canada is facing significant labour force shortages in the coming years and that other provinces will be seeking to attract well-trained and experienced workers from this province. On the upside, however, this human resources scarcity will likely mean that very few, if any, of the present local government employees will be left without a job should they want to continue to work in that sector. Special measures will need to be introduced to ensure that human resources issues are properly managed. While contractual and other legal obligations need to be respected, flexibility will be required to permit necessary staff redeployment.

Recommendation: 97

It is recommended that the provincial government ensure that the Department of Local Government has the necessary resources (financial, human and technical) to facilitate and effect recommended changes as per this report. It is further recommended that multi-year, targeted funding be provided to facilitate the establishment and operation of the proposed regional service districts.

14.2 Balancing Provincial Direction and Assistance

The evolution of local governance in New Brunswick teaches us a number of important lessons in the area of municipal reform. First, local governance institutions tend to lag behind socio-demographic and economic changes. They follow rather than lead change.

Second, voluntary changes, if and when they happen, are painfully slow and don't always occur where they are most necessary. They also have a tendency to adhere to specific short term interests and take place at the margin. Third, tackling issues one at a time is unlikely to succeed as has been demonstrated by the number of previous reviews on specific aspects of local governance. Fourth, in the past, where comprehensive reforms were undertaken, e.g., the 1966 municipal changes that were part of the Equal Opportunity program, the impetus and main thrust came from the provincial government, not from the local level.

The need for changes in local government, regional structure and service provision is linked to forces that are, for the most part, well beyond the confines of the province, let alone of local communities. The appropriate scale and organization of local government is influenced by changes in our demographics, economy, technology, and other factors that help determine public service need, effective size and cost efficiency. Furthermore, effective and efficient local governance is an essential element of economic development. New Brunswick needs to be more competitive in an increasingly global economy, and the costs and effectiveness of both provincial and local governments are a big part of this. Property tax relief (containment or reduction) and self-sufficiency will not be achievable without these fundamental transformations.

While our review of local governance ends with the issuance of this report, it is our strong belief that local governance reform in New Brunswick must be a matter of high provincial interest. Consequently, the task of reforming local government must be initiated and aggressively pursued at the provincial level through the right mix of enlightened direction and assistance. The onus of providing the general framework and parameters within which changes will occur rests squarely with the government of the province. Local governments cannot reasonably be expected to assume leadership in this area. However, they can, and should, be partners in instituting the necessary changes, provided that the Province equips them with the right tools and assists them with appropriate resources. This means the Province must review its own relationships with the municipalities and the way it conducts business with them, as well as removing barriers to inter-municipal collaboration and facilitating/promoting local efficiencies and successful practices.

In Summary

New Brunswick can become a leader again in local governance in Canada, much like it did following the reforms of the 1960s. To do so, however, the Province needs to act boldly, much in the way that the government of Louis J. Robichaud acted back then. Changes made at that time, some of which were vehemently opposed by local government leaders and communities, proved to be the right ones and have found favour with most New Brunswickers. We firmly believe that most of the systemic changes proposed in this report, should they be implemented, will be similarly embraced. And, we can also say with some certainty that reform, if approached entirely on a voluntary basis, as has generally been the case for the last 40 years, will not fundamentally alter the present governance structure. Voluntary-based reform undertakings, while producing a rich record of research and deliberation, have not produced the system-wide, enduring results of the type that are now so urgently required to put in place a more efficient, effective and representative system of local governance for all residents of New Brunswick.

Annex A
List of Recommendations
(by subject area)

Municipal Structure

Recommendation: 1

It is recommended that incorporated municipal governments be established over all of the New Brunswick territory and that all residents be represented and governed by elected municipal councils, except where a separate and distinct form of local government has been instituted for the aboriginal population under federal legislation. (Chapter 6)

Recommendation: 2

It is recommended that minimum population or property assessment thresholds be required in order for a community to be incorporated as a municipality, and that exceptions to this rule are strictly controlled. (Chapter 6)

Recommendation: 3

It is recommended that the present local service districts, rural communities, villages (with the exception of Campobello) and most towns be discontinued and reconstituted into larger municipal units and that the boundaries of the eight cities be redrawn to reflect the annexation of some of the present non-incorporated areas. (Chapter 6)

Recommendation: 5

It is recommended that a process be initiated whereby the affected communities would have an opportunity to present their views regarding the boundaries of the 53 proposed new or reconfigured municipalities to a municipal affairs commission. (Chapter 7)

Recommendation: 6

It is recommended that a provisional committee for each of the proposed entities be established with the following mandate: review and confirmation of the boundaries and name of the new or reconfigured entities, determination of the council composition, including its overall size, and determination of the number of councillors to be elected at-large and on a ward basis. It is also recommended that this provisional committee be mandated to determine the number of wards required and their boundaries. (Chapter 7)

Recommendation: 7

It is recommended that the composition of the new municipal councils be based on a combination of councillors elected at-large and on a ward basis and that such composition be initially determined by the provisional committees. It is further recommended that populations of wards within a municipal entity not vary by more than 25 per cent from the average ward population, unless there are extenuating circumstances. (Chapter 7)

Recommendation: 8

It is recommended that the responsibility for local and regional roads in the currently unincorporated areas remain with the provincial government for several years following the establishment of the new or reconfigured municipalities. It is further recommended that the provincial government continue to have full responsibility for regional roads in current villages for several years following the establishment of the new or reconfigured municipalities. (Chapter 7)

Recommendation: 11

It is recommended that the provisions of the *Official Languages Act* and its associated regulation apply to the new or reconfigured municipal entities. (Chapter 7)

Recommendation: 12

It is recommended that the provincial government, through the Department of Local Government, undertake a re-examination of the terminology and the criteria used to classify the new and reconfigured municipalities. (Chapter 7)

Recommendation: 59

It is recommended that full responsibility for roads in the former local service district territories remain with the provincial Department of Transportation for an appropriate transition period. (Chapter 10)

Recommendation: 60

It is recommended that responsibility for local road services in the former local service district territories be a matter open to negotiation between the province and the individual municipal entities. (Chapter 10)

Recommendation: 61

It is recommended that, until agreement is reached on transferring the responsibility for local roads in former local service districts to municipal entities, the province of New Brunswick continue to levy 44 cents on owner-occupied residential property in former local service districts to partially offset the cost of road services in the former local service districts. (Chapter 10)

Recommendation: 62

It is recommended that, until agreement is reached on transferring responsibility for local roads in local service districts to municipal entities, the province immediately extend the 44 cent tax rate to all former local service district properties and further that the province adjust the 44 cent rate annually towards full recovery of the cost of road services in former local service districts using an appropriate transition period. (Chapter 10)

Recommendation: 95

It is recommended that, as part of the transition process to the new governance system, a provisional committee be established for each of the proposed 53 new or reconfigured municipal units; each provisional committee will consist of representatives of existing municipalities and local service districts forming the proposed municipal unit; and each provisional committee be charged with boundary review and confirmation for their respective proposed municipal unit. (Chapter 14)

Regional Service District Structure

Recommendation: 4

It is recommended that regional service districts be established to cover the entire province. Such regional service districts should exist only with the mandatory participation of municipalities and not as stand alone structures. (Chapter 6)

Recommendation: 13

It is recommended that 12 regional service districts and boards be established to cover all of New Brunswick. (Chapter 8)

Recommendation: 14

It is recommended that regional service district boards be comprised of the mayors and one or more municipal officials delegated by each municipal council within the district. (Chapter 8)

Recommendation: 15

It is recommended that in each regional service district a "*weighted vote*" system be devised to reflect the population of each participating municipality. (Chapter 8)

Recommendation: 16

It is recommended that regional service district administration, services and programs be funded mainly by the participating municipalities and that the regional service district boards not be authorized to levy taxes. (Chapter 8)

Recommendation: 52

It is recommended that an appropriate cost sharing mechanism for regional services be determined by the municipal entities in each region. (Chapter 10)

Recommendation: 53

It is recommended that a default cost sharing mechanism, based equally on population and assessment base, be established for the regional service districts to be applied in the event that an agreed upon mechanism is not established in a timely fashion. (Chapter 10)

Recommendation: 96

It is recommended that provisional committees be established for each of the 12 regional service districts. In addition the provisional regional service district committees should have equal representation from each of the proposed new or reconfigured municipal entities participating in the regional service district; they should also constitute the transition boards for the regional service districts until such a time as the proposed new and reconfigured municipal units are established and operational. (Chapter 14)

Regional Services

Recommendation: 17

It is recommended that certain services be declared *"supra-municipal"* and, therefore be offered exclusively on a regional basis. These should be mandated by provincial legislation. Participating municipalities within a regional service district may collectively decide to declare other services as *"supra-municipal"*. (Chapter 8)

Recommendation: 18

It is recommended that five services be deemed *"supra-municipal"* and that they be provided through the proposed regional service districts. These regional services would include planning, solid waste management, policing, emergency measures, and economic development. (Chapter 8)

Planning

Recommendation: 9

It is recommended that a transition plan be developed by regional service districts to specifically address how local land use planning services are to be delivered as the new or reconfigured municipal entities are established. (Chapter 7)

Recommendation: 10

It is recommended that every new or reconfigured municipal entity be required to establish a planning advisory committee. It is further recommended that careful consideration be given to the respective roles of the development officer, the planning advisory committee and the municipal council in order to ensure an appropriate and effective balance in the division of responsibilities between them in matters of land use planning. (Chapter 7)

Recommendation: 19

It is recommended that the current district planning commissions be dissolved. It is further recommended that the staff members of the current district planning commissions be reassigned to the appropriate regional service districts and that local land use planning services be made available through these new agencies. (Chapter 8)

Recommendation: 20

It is recommended that each regional service district be mandated by legislation to develop and administer a regional strategic plan. The regional strategic plan should be guided by provincial *"planning statements"* for key areas of activity and development. (Chapter 8)

Recommendation: 29

It is recommended that, as part of the regional strategic plan for each regional service district, the future development of major facilities and their respective locations be identified and prioritized. (Chapter 8)

Recommendation: 33

It is recommended that, as per the *Community Planning Act*, provincial planning issues be addressed through broad provincial planning statements that, in turn, would be integrated and implemented in regional strategic plans and local plans. It is further recommended that the provincial government adopt a firm calendar for the completion of such planning statements. (Chapter 9)

Recommendation: 34

It is recommended that a permanent *"Interdepartmental Committee of Deputy Ministers on Community Development and Land Use Planning"* be established to provide coordination and integration in the development and implementation of provincial planning statements. (Chapter 9)

Recommendation: 35

It is recommended that the *Community Planning Act* be amended to define the *"regional strategic plan"* and formally recognize it as a new and enhanced planning instrument. (Chapter 9)

Recommendation: 36

It is recommended that the *Community Planning Act* be further amended to transfer the responsibility for the preparation and administration of regional strategic plans from the province to the regional service districts. (Chapter 9)

Recommendation: 37

It is recommended that provisions for public participation be made at the stage of developing the initial regional strategic plan in each region. Public participation could come through committees of the regional service district board or through open public meetings. (Chapter 9)

Recommendation: 38

It is recommended that the regional strategic plan be formally revised every five years and that provisions for public participation, through a hearing process, be available in the event of an application to amend the plan within this five year period. (Chapter 9)

Recommendation: 39

It is recommended that the management of municipal land use plans be streamlined by allowing "*development officers*" to approve minor variances. It is further recommended that in the instance where a minor variance is rejected by the "*development officer*", provision be made to allow for the decision to be appealed to the local planning advisory committee during a public meeting and that the committee's decision be final. (Chapter 9)

Recommendation: 40

It is recommended that provincial legislation providing for the professional recognition and certification of planners be considered and that, over time planning positions in the provincial government, regional service districts and municipalities be staffed with recognized professional planners. (Chapter 9)

Solid Waste Management

Recommendation: 21

It is recommended that the responsibility for the planning and management of the entire solid waste stream, from collection, to recycling, to disposal be transferred to the regional service district and that the present solid waste commissions be dissolved. Staff of the present solid waste commissions should be reassigned to the regional service districts. (Chapter 8)

Recommendation: 22

It is recommended that the regional service district be required to develop a plan in order to assume the responsibility for the management of all aspects of the solid waste management stream. (Chapter 8)

Emergency Measures

Recommendation: 24

It is recommended that regional service districts be made responsible for regional emergency measures planning and management in their respective geographical area through an integrated approach across mandates and levels of government. It is further recommended that, in conjunction with the provincial Emergency Measures Organization and with the involvement of member municipalities, regional service districts be mandated to develop and maintain up-to-date regional emergency measures plans. (Chapter 8)

Policing Services

Recommendation: 23

It is recommended that policing become a mandated service (planned, organized and delivered on a regional basis) once a plan has been developed through the regional service district. It is further recommended that this plan be developed building upon the main recommendations contained in the Grant report. It is also recommended that an integrated regional approach to policing services be implemented within 2 years of the establishment of the regional service district. At that point in time, present inter-municipal police commissions, where they exist, should be dissolved. Chapter 8)

Recommendation: 63

It is recommended that the 65 cent provincial levy in former local service districts be reduced by 20 cents and that the cost of policing services in the former local service district territories be recovered from the local tax rate(s) established in the former local service district territories.

Economic Development

Recommendation: 25

It is recommended that community economic development be closely integrated with land use planning and that it form a component of the regional strategic plan for each of the regional service districts. It is further recommended that the present community economic development agencies be dissolved and the staff assigned to the regional service districts. Local/municipal economic development entities, where they exist, should also be dissolved. (Chapter 8)

Recommendation: 26

It is recommended that regional economic development activities and programs be cost shared between the municipalities, the province and the federal government. Regional service districts should have the option of creating a special entity to carry out economic development

activities; however, where such a body is established, its board of directors should be appointed by, and made responsible to, the board of directors of the regional service districts. Where such a special economic development entity is created, it should employ the economic development staff. (Chapter 8)

Sharing of other Services/Costs

Recommendation: 27

It is recommended that, at the request of two or more municipalities, regional service districts be authorized to facilitate the cost sharing of and/or the delivery of services for the concerned municipalities. (Chapter 8)

Recommendation: 28

It is recommended that, at the request of two or more municipalities, regional service districts be mandated to serve as facilitators for the development of cost-sharing agreements relating to facilities and infrastructure of the concerned municipalities. (Chapter 8)

Recommendation: 31

It is recommended that the provincial government mandate each of the regional service districts to undertake and complete, within five years of their establishment, a review of fire prevention and suppression services to assess future viability (funding, staffing, volunteerism, equipment replacement), the potential for rationalization and the achievement of economies of scale, the potential for improved coordination, standardization and quality of services, and opportunities for the integration of existing fire departments. (Chapter 8)

Recommendation: 32

It is recommended that a transition plan be developed by the province and municipalities that would outline a process by which the communal water and / or wastewater systems currently owned and operated by the provincial government, owned and operated by small commissions and systems that have been abandoned by the original developer, be transferred to the newly formed regional service districts. (Chapter 8)

Fiscal and Taxation Regimes

Recommendation: 41

It is recommended that the current provincial unconditional grant funding system to municipalities be abolished. (Chapter 10)

Recommendation: 42

It is recommended that tax room be made available from the provincial government to each new or reconfigured municipal entity equal to non-owner occupied residential ($1.50) and non-residential ($0.75), thus eliminating the provincial non-owner occupied residential tax rate and reducing the provincial non-residential tax rate from $2.25 to $1.50. (Chapter 10)

Recommendation: 43

It is recommended that four municipal property tax classes be established at the municipal level to accommodate the tax room transfer, namely; residential owner-occupied, residential long-term rental; residential other, and non-residential. (Chapter 10)

Recommendation: 44

It is recommended that the municipal entities be authorized to establish local tax rates for each property tax class. (Chapter 10)

Recommendation: 45

It is recommended that the current province-wide categorization of properties within classes, for property tax purposes, remain unchanged. (Chapter 10)

Recommendation: 46

It is recommended that, in order to address revenue raising disparities between the proposed 53 municipal entities, an equalization mechanism be established in conjunction with the property tax room transfer. (Chapter 10)

Recommendation: 47

It is recommended that three municipal groupings based on population (under 10,000, from 10,001 to 40,000 and over 40,000) be established for equalization purposes. (Chapter 10)

Recommendation: 48

It is recommended that the equalization funding be provided on an unconditional basis. (Chapter 10)

Recommendation: 51

It is recommended that the total dollar amount available to each new or reconfigured municipal entity from tax room transfers and equalization be at least equal to the unconditional grant transfer previously provided to the combined units forming each new or reconfigured municipal entity. (Chapter 10)

Recommendation: 54

It is recommended that the province provide multi-year transitional funding to each regional service district to assist with initial start up and transition costs. (Chapter 10)

Recommendation: 55

It is recommended that each new or reconfigured municipal entity establish area specific property tax rates for each property class commensurate with the type and level of services available in each area. (Chapter 10)

Recommendation: 56

It is recommended that the cost of providing local services in the former local service district territories be recovered through the property tax rate(s) over an appropriate transition period. (Chapter 10)

Recommendation: 57

It is recommended that the cost of provincially provided local services in the former local service district territories be identified and tracked at the municipal entity and/or regional level as appropriate. (Chapter 10)

Recommendation: 58

It is recommended that the present provincial property tax exclusions for non-residential and non-owner-occupied residential properties in the former unincorporated areas be eliminated. (Chapter 10)

Special Taxation Measures

Recommendation: 64

It is recommended that non-owner-occupied residential properties operated on a for-profit basis continue to be subject to the property tax levy in the "*residential long-term rental*" class. (Chapter 10)

Recommendation: 65

It is recommended that non-owner-occupied residential properties operated on a not-for-profit basis be considered for partial property tax relief and that the cost of such relief be absorbed by the provincial government. (Chapter 10)

Recommendation: 67

It is recommended that the new or reconfigured municipal entities not be given direct access to sales and/or income taxes as a source of revenue. (Chapter 10)

Recommendation: 68

It is recommended that municipalities, collectively, address the issue of condominium owners not being provided the same level of local services as single-family dwellings while their properties are being taxed on the same basis. (Chapter 10)

Recommendation: 69

It is recommended that when a portion of family home is used as a granny suite for an immediate family member on a not-for-profit basis, that portion of the residence be considered as part of the principle residence for taxation purposes. (Chapter 10)

Payment of Property Tax Bill

Recommendation: 75

It is recommended that property tax billings continue to be issued on an annual basis, but that remittances be required on a semi-annual basis to split the financial burden on property owners into two more manageable payments (Chapter 10)

Property Assessment

Recommendation: 49

It is recommended that the use of a province-wide, centralized, uniform, market-based approach for property assessments be continued. (Chapter 10)

Recommendation: 50

It is recommended that assessment values not be capped or frozen. (Chapter 10)

Recommendation: 74

It is recommended that a *"three-year averaging"* approach to assessments be considered for implementation after due consultation with the municipal entities. (Chapter 10)

Recommendation: 87

Should a decision be made to act on the recommendations advocating a shift in property tax room away from the provincial government to municipalities, it is recommended that the provincial government examine the potential transfer of the assessment function to a municipally-controlled not-for-profit corporation. (Chapter 12)

Infrastructure Funding

Recommendation: 66

It is recommended that a separate, stable, long-term infrastructure renewal pact funded through sales or income taxes or both be negotiated on a timely basis between the Province and the new or reconfigured municipal entities. (Chapter 10)

Sharing of Revenue

Recommendation: 72

It is recommended that each region be required to develop a plan for sharing of revenues and investments for new industrial/commercial development in order to avoid unnecessary duplication of effort. (Chapter 10)

Farm Land

Recommendation: 73

It is recommended that, with the exception of the consequential change required in the Farmland Identification Program with respect to the use of the average local service districts tax rate in determining the amount of the tax deferral, the property taxation rules currently applicable to forests and farmlands remain unchanged. (Chapter 10)

Accountability and Transparency

Recommendation: 76

It is recommended that the introduction of the *"accountability mechanism"* as proposed in the Discussion Paper on the New Brunswick's Tax System not be implemented. (Chapter 10)

Recommendation: 81

It is recommended that a committee consisting of representatives from the four municipal associations (Association of Municipal Administrators of New Brunswick, Association francophone des municipalités du Nouveau-Brunswick, Cities of New Brunswick Association, Union of Municipalities of New Brunswick) and the Department of Local Government be established and mandated to develop municipal performance measures and related objectives. This committee should also be mandated to develop and recommend a reporting framework that municipalities would be required to follow on an annual basis.

It is further recommended that the adoption of a New Brunswick municipal performance reporting framework coincide with the implementation of the new local governance model proposed in this report. (Chapter 12)

Recommendation: 82

It is recommended that the Department of Local Government establish, in consultation with the four municipal associations, a process through which recommendations formulated in closed sessions of council or committees of council can be ratified by a council at an open meeting. (Chapter 12)

Recommendation: 83

It is recommended that provisions be made, in legislation or by way of regulation, requiring that recommendations made by staff to municipal councils on policy and operations are rendered public. (Chapter 12)

Recommendation: 85

It is recommended that the provincial government, through Elections New Brunswick and the Department of Local Government, establish guidelines regarding the disclosure of municipal campaign contributions prior to the next municipal election and develop a corresponding reporting mechanism. (Chapter 12)

Recommendation: 86

It is recommended that the provincial government, through the Departments of Finance and Local Government, and Service New Brunswick, examine the potential of undertaking the following actions:

- Separate the Notice of Assessment and Property Taxes from the actual property tax bill;
- Review and clarify wording and presentation of the property tax bill to ensure clarity between the provincial and municipal share of the tax charges; and
- Require municipalities to publish the details of their budget (Internet and/or newspapers) specifying, among other items, shares of the budget to be allocated to the various services. Municipal associations should be requested to develop a common format for that purpose. (Chapter 12)

Legislation

Recommendation: 78

It is recommended that the provisions of the following statutes be consolidated in a new comprehensive "Local Government Organization Act": the *Municipalities Act*, the *Control of Municipalities Act*, the *Community Planning Act*, the *Assessment and Planning Appeal Board Act*, the *Business Improvement Areas Act*, the *Municipal Thoroughfare Easements Act, the Municipal Assistance Act*, the *Municipal Debentures Act*, the *Municipal Capital Borrowing Act* and the *Municipal Heritage Preservation Act*. It is further recommended that this new act be placed under the responsibility of the Department of Local Government. (Chapter 11)

Recommendation: 79

It is recommended that the provisions of the following statutes be consolidated in a new comprehensive "Financing of Local Services Act": the *Real Property Tax Act*, the *Real Property Transfer Tax Act*, the *Residential Property Tax Relief Act*, and the *New Brunswick Finance Corporation Act*. It is further recommended that this new act be placed under the responsibility of the Department of Finance. (Chapter 11)

Recommendation: 89

It is recommended that, in the revision of local governance legislation, a *"spheres of jurisdiction"* approach be used in outlining the by-law making powers that municipalities would have. (Chapter 13)

Recommendation: 90

It is recommended that, in the revision of local governance legislation, all provisions be examined with a view to clarify their meaning and to ensure that they continue to have relevance for municipalities. (Chapter 13)

Recommendation: 91

It is recommended that all required provincial reviews and approvals relating to municipal by-laws be examined for their continued relevance and necessity. It is further recommended that where appropriate, such review and approval requirements be removed from the legislation. (Chapter 13)

Other

Recommendation: 30

It is recommended that the provincial government, through the Department of Local Government, develop a comprehensive manual to guide the development of cost sharing agreements by regional service districts. (Chapter 8)

Recommendation: 70

It is recommended that the New Brunswick Municipal Finance Corporation be requested to undertake a review to determine what improvements could be made to better meet the long-term capital financing interests of both the Province and municipalities. (Chapter 10)

Recommendation: 71

It is recommended that the province of New Brunswick consult with municipalities prior to

the introduction of new policies and programs that would have a financial or operational impact on municipalities. (Chapter 10)

Recommendation: 77

It is recommended that the current provincial-municipal funding arrangements be extended pending consideration of related recommendations in this report. (Chapter 10)

Recommendation: 80

It is recommended that local governance-related functions, including community and land use planning as well as major infrastructure development and funding, be fully integrated and placed under the responsibility of a single department (namely the Department of Local Government) within the organization of the provincial government. (Chapter 11)

Recommendation: 84

It is recommended that the provincial government, through the Departments of Supply & Services and Local Government, provide municipal officials with the necessary training and documentation regarding the handling of requests for information under the proposed new *Access to Information and Protection of Privacy Act*. (Chapter 12)

Recommendation: 88

It is recommended that the provincial government consider the establishment of a *"municipal affairs commission"* that would have as its primary responsibilities the confirmation of municipal boundaries (as proposed in this report), review and arbitration in future restructuring initiatives, arbitration in regional service delivery agreements (if required), and in providing determinations with respect to matters of conflict of interest. (Chapter 12)

Recommendation: 92

It is recommended that upon receiving this report, the provincial government establish an interdepartmental steering committee of deputy ministers, chaired by the Deputy Minister of the Department of Local Government, to oversee the implementation of government decisions pertaining to the recommendations contained in this report. (Chapter 14)

Recommendation: 93

It is recommended that priority be given to the adoption of legislation that will provide the provincial government with the authority to establish, through regulation, the proposed new and reconfigured municipalities as well as the proposed regional service districts. (Chapter 14)

Recommendation: 94

It is recommended that the current funding transfer from the province to municipalities and local service districts be continued until such a time as the proposed municipalities and regional service districts are established and functional. (Chapter 14)

Recommendation: 97

It is recommended that the provincial government ensure that the Department of Local Government has the necessary resources (financial, human and technical) to facilitate and effect recommended changes as per this report. It is further recommended that multi-year targeted funding be provided to facilitate the establishment and operation of the proposed regional service districts. (Chapter 14)

Annex B
List of Briefs

Submitted to the Commissioner on the Future of Local Governance

Advisory Council on the Status of Women. "Presentation to the Commissioner on the Future of Local Governance", August 2008.

Association francophone des municipalités du Nouveau-Brunswick. "Renforcement de la gouvernance locale et du financement des municipalités", Submission to the Commissioner on the Future of Local Governance in New Brunswick, Beresford, New Brunswick, June 2008.

Association francophone des municipalitiés du Nouveau-Brunswick. "Présentation lors de la première rencontre avec le Commissaire à la gouvernance locale au N.-B., Gouvernance locale : enjeux et pistes de solution" , Fredericton, New Brunswick., November 2007.

Association francophone des municipalitiés du Nouveau-Brunswick. "Pacte pour le changement dans la gouvernance locale au N.-B.", Submission to the Commissioner on the Future of Local Governance in New Brunswick, Petit-Rocher, December, 2006.

Association Museums New Brunswick. "Building a New Foundation for the Museum Community. Comments on the Findings of the Premier's Community Non-Profit Task Force", Submission to the Commissioner on the Future of Local Governance in New Brunswick, January 2008.

Association of Municipal Administrators of New Brunswick. "Presentation to the Commissioner of Local Governance", December 2007.

Cities of New Brunswick Association. "Presentation to Commissioner for Local Governance", November 2007.

DSL Saint-Paul. "Réflexions sur la structure de la gouvernance locale : idée de création d'une Municipalité Régionale Rurale", Submission to the Commissioner on the Future of Local Governance in New Brunswick, May, 2008.

Dumfries Local Service Advisory Committee. "Presentation to the Commissioner on the Future of Local Governance of New Brunswick", December 2007.

Fédération des jeunes francophones du Nouveau-Brunswick. "Jeunesse et gouvernance locale", Submission to the Commissioner on the Future of Local Governance in New Brunswick, March 2008.

Greater Geary Association Inc. "Submission of the Greater Geary Association to the Commission on the Future of Local Government", July 2008.

New Brunswick Apartment Owners Association. "Property Tax Policy – New Brunswick", Submission to the Commissioner on the Future of Local Governance in New Brunswick, May 2008.

New Brunswick Police Association. "Our Province-Our Police, Submission to the Commissioner on the Future of Local Governance in New Brunswick", April 2008.

Rothesay. "New Brunswick Municipalities in the 21st Century - A report to the Commissioner on the Future of Local Governance", June 2008.

The City of Fredericton. "Future of Local Governance", Submission to the Commissioner on the Future of Local Governance in New Brunswick, Fredericton, New Brunswick, March 2008.

Union of Municipalities of New Brunswick. "Presentation to the Commissioner on the Future of Local Governance in New Brunswick", December 2007.

Westmorland County Condominium Corporation. "Submission to the Commissioner on the Future of Local Governance in New Brunswick", April 2008.

Bibliography

Publications and Reports with Author

Bish, Robert L. **Accommodating Multiple Boundaries for Local Services: British Columbia's Local Governance System**. Paper presented at a colloquium at the Workshop in Political Theory and Policy Analysis, Indiana University, Bloomington, Indiana, October 2002.

Bish, Robert L. "Inter-Municipal Cooperation in British Columbia," **The Public Manager**, Winter 2006-07.

Bourgeois, Daniel. "Municipal Reforms in New Brunswick: To Decentralize or Not To Decentralize," in Garcea, Joseph and Lesage Edward C, **Municipal Reform in Canada**. Toronto: Oxford University Press Canada, 2005.

Byrne, Edward G. **New Brunswick Royal Commission on Finance and Municipal Taxation**. Fredericton: Province of New Brunswick,1963.

Crawford, K.G. **Canadian Municipal Government**, Toronto: University of Toronto Press, 1954.

Crowley, Brian Lee. **HRM: Shaping our Government: A talk to Citizens of the Halifax Regional Municipality**, Halifax, Nova Scotia, April 2008.

D'Entremont, Harley and Robardet, Patrick. **Report on the Implementation of Local Government in the Non-Incorporated Areas of New Brunswick, and Related Matters.** Moncton: Department of Political Science, Université de Moncton, 1976.

Fulcher, Helen. **The Concept of Community of Interest**, A Discussion Paper which explores the concept of Community of Interest as it applies to Local Government Boundaries. South Australia Department of Local Government, 1989.

Grant, Alan. **Policing Arrangements in New Brunswick: 2000 and Beyond**. Fredericton: Province of New Brunswick, 1992.

Gertler, L.O. **Regional Planning and Development**. Paper presented to Resources for Tomorrow Conference, Montreal, 1961. Cited in d'Entremont, Harley and Robardet, Patrick. **Report on the Implementation of Local Government in the Non-Incorporated Areas of New Brunswick, and Related Matters.** Moncton: Department of Political Science, Université de Moncton, 1976.

Goldenberg, Carl H., **Report of the Royal Commission on the Greater Moncton Area.** Moncton: Province of New Brunswick, 1971.

Goldenberg, Carl H., **Report of the Royal Commission on the Greater Fredericton Area.** Fredericton: Province of New Brunswick, 1971.

Heffner, Richard D. Abridged of Alexis de Tocqueville, **Democracy in America**. New York: The New American Library, 1956.

Honey, Rex. "Conflicting Problems in the Political Organization of Space," **The Annals of Regional Science**, Vol. X, No.1, 1976.

Kitchen Harry, **Spend and Tax: improving the efficiency and accountability of taxation in HRM.** Halifax: Atlantic Institute for Market Studies (AIMS), 2008.

Kitchen, Harry and Slack, Enid. **Review of the Unconditional Grant Formula**. Enid Slack Consulting Inc, for the Province of New Brunswick, 1996.

Kruger, Ralph R. "The Provincial-Municipal Government Revolution in New Brunswick." **Canadian Public Administration,** Vol. XIII, No.1, 1970.

Mintz, John M and Roberts, Tom. **Running on Empty: A Proposal to Improve Cities Finances**. C.D. Howe Institute Commentary, The Urban Papers, 2006.

Paget, Gary and Walisser, Brian. **Fostering the Growth of Regional Partnerships. Regional Districts in British Columbia**. Presentation made in Lewiston Maine, 2007.

Plunkett, Thomas J. "Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick: A Review and Commentary." **Canadian Public Administration,** Vol. 8, 1965.

Rowat, Donald C. "Government Revolution in New Brunswick," **The Canadian Municipal System: Essays on the Improvement of Local Government**. Toronto: McClelland and Steward Ltd, 1969.

Tindal, C.R. (1977). **Structural Changes in Local Government: Government for Urban Regions**, Monographs on Canadian Urban Government, #2. Toronto: Institute of Public Administration of Canada, 1977.

Tindal, C. Richard, and Tindal, Susan Nobes. **Local Government in Canada**, 6th Ed. Scarborough: Thomson Canada, 2004.

Publications and Reports without Author

Report of the Royal Commission on Municipal Government in Newfoundland and Labrador. St. John's: Province of Newfoundland and Labrador, 1974.

A Review of the Real Property Taxation System in New Brunswick. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1993.

Building Strength Through Solidarity – Local Government Options for the Madawaska Region. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1997.

Commission on Land Use and the Rural Environment. Fredericton: Province of New Brunswick, Department of the Environment, 1993.

Communities and Cooperation - Local Government Options for the Dalhousie Region. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1997.

Community of Communities, Creating a stronger future - Local Government Options for the Greater Saint John Area. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1997.

A Review of Local Service District Legislation. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1999.

A Discussion Paper on New Brunswick's Tax System. Fredericton: Province of New Brunswick, Department of Finance, 2008.

Final Report of the Select Committee on Local Governance and Regional Collaboration. Fredericton: Province of New Brunswick, 2003.

The Future of Provincial/Municipal Relations, A Vision for New Brunswick: A Position Paper. Cities of New Brunswick Association, 2007.

Greater Moncton Urban Community - Strength Through Cooperation. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1994.

Inside and Outside the Box. Proposals for an Information and Privacy Right Code for New Brunswick. Fredericton: Office of the Ombudsman, 2007.

Into the Future: A Community of Interest - Local Government Options for the Campbellton Region. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1997.

La municipalité régionale de comté. Compétences et responsabilités. Guide explicatif. Québec : Gouvernement du Québec, Ministère des Affaires municipales et Régions, 2007.

L'organisation municipale du Québec. Québec: Gouvernement du Québec, Ministère des Affaires municipales et Régions, 2006.

Layering of Local Governments and City-County Mergers. A Report to the New York State Commission on Local Government Efficiency and Competitiveness. State of New York, 2008.

Miramichi City: Our Future – Strength Through Unity. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1994.

Municipal Performance Measurement Program. Toronto: Ontario Ministry of Municipal Affairs and Housing, Municipal Services Offices, 2007.

Municipal Report Card for New Brunswick Municipalities, Atlantic Institute for Market Studies (AIMS), 2008.

Opportunities for Improving Local Governance in New Brunswick. Fredericton: Municipalities Act Review Panel, Province of New Brunswick, Department of Municipalities, 1999.

Portrait of the Canadian Population in 2006. Population and Dwelling Counts (Census Year 2006). Statistics Canada.

Report of the Municipalities Act Review Advisory Committee. Fredericton, Province of New Brunswick, Department of Municipalities, Culture and Housing, 1998.

Report of the Provincial Capital Commission Study. Provincial Capital Commission Study Team, 2003.

Report of the Task Force on Municipal Structure and Financing in New Brunswick. Fredericton, Province of New Brunswick, Department of Municipal Affairs, 1972.

Report of the Task Force on Non-Incorporated Areas in New Brunswick. Fredericton: Province of New Brunswick, Department of Municipal Affairs, 1976.

Review of the Provision of Government Services to Local Services Districts and Property Taxation Levels. Fredericton: Province of New Brunswick, Office of the Comptroller, 2002.

Review of the Unconditional Grant Formula. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1996.

A Report for Service New Brunswick on the Assessment Function. Toronto: International Property Tax Institute, 2001.

Residential Property Assessment Appeal Process in New Brunswick: Levelling the Playing Field. Fredericton: Office of the Ombudsman, 2008.

Review of Provincially Provided Local Services in Local Service Districts. Fredericton: Province of New Brunswick, Office of the Comptroller, 2008.

Final report by the Right to Information and Protection of Personal Information Review Task Force. Fredericton: Province of New Brunswick, Executive Council Office, September 2007.

Taxation Issues in Local Service Districts in New Brunswick. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1997.

The Model Municipal Charter. Ottawa: Federation of Canadian Municipalities, 2005.

Building Prosperity from the Ground Up: Restoring Municipal Fiscal Balance. Ottawa: Federation of Canadian Municipalities, 2006.

The Road to Self-Sufficiency: A Common Cause. Fredericton: Province of New Brunswick, New Brunswick Self Sufficiency Task Force, 2007.

Strengthening Municipal Government in New Brunswick's Urban Centres. Fredericton: Province of New Brunswick, Department of Municipalities, Culture and Housing, 1992.

A Vision for Local Governance in New Brunswick. Fredericton: Province of New Brunswick, Minister's Roundtable on Local Governance, 2001.